

## STATE OF MINNESOTA

## NINETY-FIRST SESSION — 2019

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 THIRTY-FIFTH DAY

SAINT PAUL, MINNESOTA, TUESDAY, APRIL 9, 2019

The House of Representatives convened at 9:00 a.m. and was called to order by Liz Olson, Speaker pro tempore.

Prayer was offered by the Reverend Richard D. Buller, Valley Community Presbyterian Church, Golden Valley, Minnesota.

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

The Speaker assumed the Chair.

The roll was called and the following members were present:

Acomb	Dettmer	Heinrich	Lislegard	Noor	Sundin
Albright	Drazkowski	Heintzeman	Loeffler	Nornes	Swedzinski
Anderson	Ecklund	Her	Long	Olson	Tabke
Bahr	Edelson	Hornstein	Lucero	O'Neill	Theis
Baker	Elkins	Howard	Lueck	Pelowski	Torkelson
Bennett	Erickson	Huot	Mahoney	Persell	Urdahl
Bernardy	Fabian	Johnson	Mann	Petersburg	Vang
Bierman	Fischer	Jurgens	Mariani	Pierson	Vogel
Boe	Franson	Kiel	Marquart	Pinto	Wagenius
Brand	Freiberg	Klevorn	Masin	Poppe	Wazlawik
Cantrell	Garofalo	Koegel	McDonald	Poston	Winkler
Carlson, A.	Gomez	Kotzya-Witthuhn	Mekeland	Pryor	Wolgammott
Carlson, L.	Green	Koznick	Miller	Quam	Xiong, J.
Christensen	Grossell	Kresha	Moller	Richardson	Xiong, T.
Clafin	Gruenhagen	Kunesh-Podein	Moran	Robbins	Youakim
Considine	Gunther	Layman	Morrison	Runbeck	Zerwas
Daniels	Haley	Lee	Munson	Sandell	Spk. Hortman
Daudt	Halverson	Lesch	Murphy	Sandstede	
Davids	Hamilton	Liebling	Nash	Sauke	
Davnie	Hansen	Lien	Nelson, M.	Schomacker	
Dehn	Hassan	Lillie	Nelson, N.	Scott	
Demuth	Hausman	Lippert	Neu	Stephenson	

A quorum was present.

Backer, Bahner, Becker-Finn, Hertaus, O'Driscoll, Schultz and West were excused.

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

## REPORTS OF CHIEF CLERK

S. F. No. 558 and H. F. No. 300, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Pinto moved that S. F. No. 558 be substituted for H. F. No. 300 and that the House File be indefinitely postponed. The motion prevailed.

## REPORTS OF STANDING COMMITTEES AND DIVISIONS

Lesch from the Judiciary Finance and Civil Law Division to which was referred:

H. F. No. 2206, A bill for an act relating to health licensing; making technical changes; expanding duty to warn and reciprocity for certain mental health professionals and social workers; amending Minnesota Statutes 2018, sections 148B.56; 148B.593; 148E.240, subdivision 6; 148F.03; 148F.13, subdivision 2.

Reported the same back with the recommendation that the bill be placed on the General Register.

The report was adopted.

Carlson, L., from the Committee on Ways and Means to which was referred:

H. F. No. 2208, A bill for an act relating to jobs; appropriating money for the Departments of Employment and Economic Development, Labor and Industry, Human Services, and Commerce; the Bureau of Mediation Services; Public Employment Relations Board; Housing Finance Agency; Workers' Compensation Court of Appeals; and Public Utilities Commission; making policy and technical changes; modifying fees; providing criminal and civil penalties; requiring reports; amending Minnesota Statutes 2018, sections 16C.285, subdivision 3; 116J.8731, subdivision 5; 116J.8748, subdivision 4; 177.27, subdivisions 2, 4, 7, 8, by adding subdivisions; 177.30; 177.32, subdivision 1; 181.03, subdivision 1, by adding subdivisions; 181.032; 181.101; 182.659, subdivision 8; 182.666, subdivisions 1, 2, 3, 4, 5, by adding a subdivision; 326B.802, subdivision 15; 327C.095, subdivisions 1, 2, 3, 4, 12, 13; 341.30, subdivision 1; 341.32, subdivision 1; 341.321; 345.515; 345.53, subdivision 1, by adding a subdivision; 609.52, subdivisions 1, 2, 3; proposing coding for new law in Minnesota Statutes, chapters 177; 181; 216C; proposing coding for new law as Minnesota Statutes, chapter 345A; repealing Minnesota Statutes 2018, sections 177.27, subdivisions 1, 3; 345.53, subdivision 2.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1  
JOBS APPROPRIATIONS

Section 1. **JOBS AND ECONOMIC DEVELOPMENT.**

(a) 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 "2020" and "2021" used in this article mean the

appropriations listed under them are available for the fiscal year ending June 30, 2020, or June 30, 2021, respectively. "The first year" is fiscal year 2020. "The second year" is fiscal year 2021. "Each year" means each of fiscal years 2020 and 2021.

(b) If an appropriation in this article is enacted more than once in the 2019 legislative session, the appropriation must be given effect only once.

			<b><u>APPROPRIATIONS</u></b>	
			<b><u>Available for the Year</u></b>	
			<b><u>Ending June 30</u></b>	
			<b><u>2020</u></b>	<b><u>2021</u></b>
<b><u>Sec. 2. DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT</u></b>				
<b><u>Subdivision 1. Total Appropriation</u></b>			<b><u>\$169,405,000</u></b>	<b><u>\$139,075,000</u></b>
<u>Appropriations by Fund</u>				
	<u>2020</u>	<u>2021</u>		
<u>General</u>	<u>134,933,000</u>	<u>104,804,000</u>		
<u>Remediation</u>	<u>700,000</u>	<u>700,000</u>		
<u>Workforce Development</u>	<u>33,772,000</u>	<u>33,571,000</u>		
<u>The amounts that may be spent for each purpose are specified in the following subdivisions.</u>				
<b><u>Subd. 2. Business and Community Development</u></b>			<b><u>47,121,000</u></b>	<b><u>34,230,000</u></b>
<u>Appropriations by Fund</u>				
<u>General</u>	<u>44,721,000</u>	<u>31,830,000</u>		
<u>Remediation</u>	<u>700,000</u>	<u>700,000</u>		
<u>Workforce Development</u>	<u>1,700,000</u>	<u>1,700,000</u>		
<u>(a) \$9,350,000 the first year is for:</u>				
<u>(1) the greater Minnesota business development public infrastructure grant program under Minnesota Statutes, section 116J.431;</u>				
<u>(2) the spark program, formerly known as the business development competitive grant program;</u>				
<u>(3) the community prosperity grant program;</u>				
<u>(4) a grant to the Minnesota Design Center at the University of Minnesota for the greater Minnesota community design program;</u> <u>and</u>				
<u>(5) a grant to Red Wing Ignite for economic development activities focused on technology and innovation in Southeastern Minnesota.</u>				

The commissioner has discretion to allocate this appropriation among the listed programs, including awarding zero funds to a listed program or grantee. The commissioner has discretion to stipulate reasonable terms for individual programs and grants. Of this amount, up to four percent is for administration and monitoring of the funded programs. This appropriation is available until June 30, 2022.

(b) \$2,500,000 each year is for the Minnesota Innovation Collaborative. This is a onetime appropriation and funds are available until June 30, 2023. Of this amount:

(1) \$1,600,000 each year is for innovation grants to eligible Minnesota entrepreneurs or start-up businesses to assist with their operating needs. Of this amount, five percent is for the department's administrative costs;

(2) \$450,000 each year is for administration of the Minnesota Innovation Collaborative; and

(3) \$450,000 each year is for grantee activities at the Minnesota Innovation Collaborative. Of this amount, five percent is for the department's administrative costs.

(c) \$1,772,000 each year is from the general fund and \$700,000 each year is from the remediation fund for contaminated site cleanup and development grants under Minnesota Statutes, sections 116J.551 to 116J.558. These appropriations are available until spent.

(d) \$139,000 each year is for a grant to the Rural Policy and Development Center under Minnesota Statutes, section 116J.421.

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

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

(g) \$500,000 the first year and \$125,000 the second year are for grants to the White Earth Nation for the White Earth Nation Integrated Business Development System to provide business assistance with workforce development, outreach, technical assistance, infrastructure and operational support, financing, and other business development activities. This is a onetime appropriation.

(h) \$875,000 each year is for a grant to Enterprise Minnesota, Inc. for the small business growth acceleration program under Minnesota Statutes, section 116O.115. This is a onetime appropriation.

(i) \$300,000 each year is for a grant to Enterprise Minnesota, Inc. to provide business performance assessments to Minnesota manufacturers with 50 or fewer employees, with focus on very small and rural locations. The assessment findings must position Minnesota manufacturers to retain and recruit employees and grow in their community. This is a onetime appropriation.

(j) \$250,000 the first year is for a grant to the Rondo Community Land Trust for improvements to leased commercial space in the Selby Milton Victoria Project that will create long-term affordable space for small businesses and for build-out and development of new businesses.

(k) \$1,175,000 each year is for a grant to the Metropolitan Economic Development Association (MEDA) for statewide business development and assistance services, including services to entrepreneurs with businesses that have the potential to create job opportunities for unemployed and underemployed people, with an emphasis on minority-owned businesses. This is a onetime appropriation.

(l) \$2,865,000 the first year is for grants for projects that support economic development by increasing the availability of child care. Eligible recipients for these grants are limited to:

(1) WomenVenture;

(2) the Minnesota Initiative Foundations; and

(3) eligible applicants under the child care economic development grant program.

The commissioner has discretion to allocate the available grant funds among the listed eligible recipients, including awarding zero funds to a listed entity. The commissioner has discretion to stipulate reasonable terms for individual programs and grants. Of this amount, up to four percent is for administration and monitoring of the funded programs. This appropriation is available until June 30, 2021.

(m)(1) \$750,000 each year is for grants to the Neighborhood Development Center for small business programs. This is a onetime appropriation.

(2) Of the amount appropriated in the first year, \$150,000 is for outreach and training activities outside the seven-county metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2.

(n)(1) \$50,000 the first year is for grants to support broadband connections for coworking spaces designed to foster start-up businesses. Grant recipients must be located in an unserved area or

an underserved area for broadband, as defined in Minnesota Statutes, section 116J.394. Grant recipients must obtain a 100 percent nonstate match to grant funds in either cash or in-kind contributions, though matching funds may be used for expenses of the coworking space other than broadband. This is a onetime appropriation.

(2) Within one year of receiving grant funds, grant recipients must report to the commissioner on the outcomes of the grant program including but not limited to the number of start-up businesses served and the amount of local funds invested.

(o) \$6,772,000 each year is for the Minnesota job creation fund under Minnesota Statutes, section 116J.8748. Of this amount, the commissioner of employment and economic development may use up to three percent for administrative expenses. In fiscal years 2022 and beyond, the base amount is \$5,500,000. This appropriation is available until expended.

(p)(1) \$6,935,000 the first year and \$6,934,000 the second year are for the Minnesota investment fund under Minnesota Statutes, section 116J.8731. Of this amount, the commissioner of employment and economic development may use up to three percent for administration and monitoring of the program. In fiscal years 2022 and beyond, the base amount is \$5,500,000. This appropriation is available until expended.

(2) Of the amount appropriated in the first year, \$2,000,000 is for a loan to a paper mill in Duluth for a retrofit project that will support the operation and manufacture of packaging paper grades. The company that owns the paper mill must spend \$20,000,000 on project activities by December 31, 2020, in order to be eligible to receive this loan. Loan funds may be used for purchases of materials, supplies, and equipment for the project and are available from July 1, 2019, to July 30, 2021. The commissioner of employment and economic development shall forgive 25 percent of the loan each year after the second year during a five-year period if the mill has retained at least 200 full-time equivalent employees and has satisfied other performance goals and contractual obligations as required under Minnesota Statutes, section 116J.8731.

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

(r) \$163,000 each year is for the Minnesota Film and TV Board. The appropriation in each year is available only upon receipt by the board of \$1 in matching contributions of money or in-kind contributions from nonstate sources for every \$3 provided by this appropriation, except that each year up to \$50,000 is available on July 1 even if the required matching contribution has not been received by that date.

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

(t) \$500,000 each year is from the general fund for a grant to the Minnesota Film and TV Board for the film production jobs program under Minnesota Statutes, section 116U.26. This appropriation is available until June 30, 2023.

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

(v) \$1,350,000 each year is from the workforce development fund for jobs training grants under Minnesota Statutes, section 116L.42.

(w) \$350,000 each year is from the workforce development fund for metropolitan job training grants under Minnesota Statutes, section 116L.43.

**Subd. 3. Workforce Development**

50,351,000

31,486,000

Appropriations by Fund

<u>General</u>	<u>26,164,000</u>	<u>7,500,000</u>
<u>Workforce Development</u>	<u>24,187,000</u>	<u>23,986,000</u>

(a) \$250,000 each year is for pilot programs in the workforce service areas to combine career and higher education advising.

(b) \$500,000 each year is for rural career counseling coordinator positions in the workforce service areas and for the purposes specified in Minnesota Statutes, section 116L.667.

(c) \$750,000 each year is for the women and high-wage, high-demand, nontraditional jobs grant program under Minnesota Statutes, section 116L.99. Of this amount, up to five percent is for administration and monitoring of the program.

(d) \$700,000 the first year is for a grant to the Washburn Center for Children to train and hire additional children's mental health treatment staff. Of this amount, \$200,000 is for the pathways

program to create fellowships for professionals of color in children's mental health treatment. This appropriation is available until June 30, 2023.

(e)(1) \$300,000 the first year is for a grant to the Regional Center for Entrepreneurial Facilitation hosted by a county or higher education institution. Funds available under this paragraph must be used to provide entrepreneur and small business development direct professional business assistance services in the following counties in Minnesota: Blue Earth, Brown, Faribault, Le Sueur, Martin, Nicollet, Sibley, Watonwan, and Waseca. For the purposes of this paragraph, "direct professional business assistance services" must include but is not limited to payment of overhead costs, pre-venture assistance for individuals considering starting a business, and services for underserved populations, agricultural businesses, and students. This appropriation is not available until the commissioner determines that an equal amount is committed from nonstate sources. This appropriation is available until June 30, 2021.

(2) Grant recipients shall report to the commissioner by February 1, 2021, and include information on the number of customers served in each county; the number of businesses started, stabilized, or expanded; the number of jobs created and retained; and business success rates in each county. By April 1, 2021, the commissioner shall report the information submitted by grant recipients to the chairs and ranking minority members of the standing committees of the house of representatives and senate having jurisdiction over economic development issues.

(f) \$20,000 in the first year is for preparing the inventory of workforce development programs under Minnesota Statutes, section 116L.35.

(g) \$1,500,000 each year is for a grant to Summit Academy OIC to expand its contextualized GED and employment placement program and STEM program. This is a onetime appropriation.

(h) \$485,000 the first year is for a grant to Lifetrack, a St. Paul nonprofit organization, for building maintenance. This appropriation is available until June 30, 2023.

(i) \$1,000,000 each year is for a grant to Youthprise to give grants through a competitive process to community organizations to provide economic development services designed to enhance long-term economic self-sufficiency in communities with concentrated East African populations. Such communities include but are not limited to Faribault, Rochester, St. Cloud, Moorhead, and Willmar. To the extent possible, Youthprise must make at least 50 percent of these grants to organizations serving



communities located outside the seven-county metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2. This is a onetime appropriation and is available until June 30, 2022.

(j) \$500,000 each year is for a grant to the YWCA of Minneapolis to provide economically challenged individuals the jobs skills training, career counseling, and job placement assistance necessary to secure a child development associate credential and to have a career path in early childhood education. This is a onetime appropriation.

(k) \$250,000 each year is for a grant to YWCA St. Paul to provide job training services and workforce development programs and services, including job skills training and counseling. This is a onetime appropriation.

(l) \$17,159,000 the first year is for:

(1) distribution to existing nonprofit and state displaced homemaker programs under Minnesota Statutes, section 116L.96;

(2) the special education employment pilot project;

(3) a grant to Fathers Rise Together to study the creation of a Duluth-Iron Range African heritage hub;

(4) a grant to Hennepin County for the Cedar Riverside Partnership;

(5) a grant to Goodwill-Easter Seals Minnesota and its partners for the FATHER Project;

(6) competitive grants to eligible nonprofit minority business development organizations for statewide business development and assistance services to minority-owned businesses, including the creation of revolving loan funds and operating support for the organizations providing the services;

(7) a grant to Lifetrack for job training and employment preparation for at-risk adults;

(8) the pathways to prosperity grant program under Minnesota Statutes, section 116L.25;

(9) a grant to Better Futures Minnesota to provide job skills training to individuals who have been released from incarceration for a felony-level offense and are no more than 12 months from the date of release; and

(10) a grant to the Women's Foundation of Minnesota to create and administer a statewide internship program for young women ages 17 to 24 who are American Indian, Asian, Black, or Hispanic, that connects participants with internships and subsidizes intern wages.

The commissioner has discretion to allocate this appropriation among the listed programs and grantees, including awarding zero funds to a listed program or grantee. The commissioner has discretion to stipulate reasonable terms for individual programs and grants. Of these amounts, up to four percent is for administration and monitoring of the funded programs. This is a onetime appropriation and funds are available until June 30, 2021.

(m) \$100,000 the first year is from the workforce development fund for a grant to the Cook County Higher Education Board to provide educational programming and academic support services to remote regions in northeastern Minnesota. This appropriation is in addition to other funds previously appropriated to the board.

(n) \$500,000 each year is from the workforce development fund for Propel Nonprofits, formerly known as the Nonprofits Assistance Fund, to make grants for infrastructure support to small nonprofit organizations that serve historically underserved cultural communities.

(o) \$1,000,000 each year is from the workforce development fund for a grant to the American Indian Opportunities and Industrialization Center, in collaboration with the Northwest Indian Community Development Center, to reduce academic disparities for American Indian students and adults. This is a onetime appropriation. The grant funds may be used to provide:

- (1) student tutoring and testing support services;
- (2) training and employment placement in information technology;
- (3) training and employment placement within trades;
- (4) assistance in obtaining a GED;
- (5) remedial training leading to enrollment and to sustain enrollment in a postsecondary higher education institution;
- (6) real-time work experience in information technology fields and in the trades;
- (7) contextualized adult basic education;
- (8) career and educational counseling for clients with significant and multiple barriers; and;
- (9) reentry services and counseling for adults and youth.

After notification to the chairs and minority leads of the legislative committees with jurisdiction over jobs and economic development, the commissioner may transfer this appropriation to the commissioner of education.

(p) \$350,000 each year is from the workforce development fund for a grant to the International Institute of Minnesota. Grant funds must be used for workforce training for New Americans in industries in need of trained workforce. This is a onetime appropriation.

(q) \$100,000 the first year is from the workforce development fund for preparing a plan to address barriers to employment for persons with mental illness.

(r) \$1,000,000 each year is from the workforce development fund for a grant to EMERGE Community Development, in collaboration with community partners, for services targeting Minnesota communities with the highest concentrations of African and African-American joblessness, based on the most recent census tract data, to provide employment readiness training, credentialed training placement, job placement and retention services, supportive services for hard-to-employ individuals, and a general education development fast track and adult diploma program. This is a onetime appropriation.

(s) \$1,000,000 each year is from the workforce development fund for a grant to the Minneapolis Foundation for a strategic intervention program designed to target and connect program participants to meaningful, sustainable living-wage employment. This is a onetime appropriation.

(t) \$1,000,000 each year from the workforce development fund is for a grant to the Construction Careers Foundation for the construction career pathway initiative to provide year-round educational and experiential learning opportunities for teens and young adults under the age of 21 that lead to careers in the construction industry. This is a onetime appropriation. Grant funds must be used to:

(1) increase construction industry exposure activities for middle school and high school youth, parents, and counselors to reach a more diverse demographic and broader statewide audience. This requirement includes, but is not limited to, an expansion of programs to provide experience in different crafts to youth and young adults throughout the state;

(2) increase the number of high schools in Minnesota offering construction classes during the academic year that utilize a multicraft curriculum;

(3) increase the number of summer internship opportunities;

(4) enhance activities to support graduating seniors in their efforts to obtain employment in the construction industry;

(5) increase the number of young adults employed in the construction industry and ensure that they reflect Minnesota's diverse workforce; and

(6) enhance an industrywide marketing campaign targeted to youth and young adults about the depth and breadth of careers within the construction industry.

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

(u) \$1,000,000 each year is from the workforce development fund for a grant to Latino Communities United in Service (CLUES) to expand culturally tailored programs that address employment and education skill gaps for working parents and underserved youth by providing new job skills training to stimulate higher wages for low-income people, family support systems designed to reduce intergenerational poverty, and youth programming to promote educational advancement and career pathways. At least 50 percent of this amount must be used for programming targeted at greater Minnesota. This is a onetime appropriation.

(v) \$800,000 each year is from the workforce development fund for performance grants under Minnesota Statutes, section 116J.8747, to Twin Cities RISE to provide training to hard-to-train individuals. This is a onetime appropriation and funds are available until June 30, 2022.

(w) \$5,939,000 the first year and \$5,938,000 the second year are from the workforce development fund for:

(1) a grant to Minnesota Diversified Industries, Inc., to provide progressive development and employment opportunities for persons with disabilities;

(2) the getting to work grant program under Minnesota Statutes, section 116J.545;

(3) a grant to the Minnesota High Tech Association to support SciTechsperience;

(4) the Opportunities Industrialization Center programs;

(5) rural career counseling coordinator positions in the workforce service areas and for the purposes specified in Minnesota Statutes, section 116L.667;

(6) the pathways to prosperity grant program under Minnesota Statutes, section 116L.25;

(7) a grant to Bridges to Healthcare to provide career education, wraparound support services, and job skills training in high-demand health care fields to low-income parents, nonnative speakers of English, and other hard-to-train individuals;

(8) a grant to Avivo to provide low-income individuals with career education and job skills training that are fully integrated with chemical and mental health services; and

(9) a grant to Better Futures Minnesota to provide job skills training to individuals who have been released from incarceration for a felony-level offense and are no more than 12 months from the date of release.

The commissioner has discretion to allocate this appropriation among the listed programs and grantees, including awarding zero funds to a listed program or grantee. The commissioner has discretion to stipulate reasonable terms for individual programs and grants. Of these amounts, up to four percent is for administration and monitoring of the funded programs. This is a onetime appropriation and funds are available until June 30, 2022.

(x) \$500,000 each year is from the workforce development fund for competitive grants to organizations providing services to relieve economic disparities in the Southeast Asian community through workforce recruitment, development, job creation, assistance of smaller organizations to increase capacity, and outreach. Of this amount, up to five percent is for administration and monitoring of the program.

(y) \$1,000,000 each year is from the workforce development fund for a grant to the Hmong American Partnership, in collaboration with community partners, for services targeting Minnesota communities with the highest concentrations of Southeast Asian joblessness, based on the most recent census tract data, to provide employment readiness training, credentialed training placement, job placement and retention services, supportive services for hard-to-employ individuals, and a general education development fast track and adult diploma program. This is a onetime appropriation.

(z) \$1,000,000 each year is for a competitive grant program to provide grants to organizations that provide support services for individuals, such as job training, employment preparation,

internships, job assistance to parents, financial literacy, academic and behavioral interventions for low-performing students, and youth intervention. Grants made under this section must focus on low-income communities, young adults from families with a history of intergenerational poverty, and communities of color. Of this amount, up to four percent is for administration and monitoring of the program.

(aa) \$1,000,000 each year is for a grant to Ujamaa Place for job training, employment preparation, internships, education, training in vocational trades, housing, and organizational capacity building. This is a onetime appropriation.

(bb) \$750,000 each year is from the general fund and \$4,848,000 each year is from the workforce development fund for the youth-at-work competitive grant program under Minnesota Statutes, section 116L.562. Of this amount, up to five percent is for administration and monitoring of the youth workforce development competitive grant program. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year. This is a onetime appropriation.

(cc) \$5,050,000 each year is from the workforce development fund for:

(1) the youthbuild program under Minnesota Statutes, sections 116L.361 to 116L.366;

(2) the Minnesota youth program under Minnesota Statutes, sections 116L.56 and 116L.561;

(3) a grant to Big Brothers, Big Sisters of the Greater Twin Cities for workforce readiness, employment exploration, and skills development for youth ages 12 to 21;

(4) a grant to the Minnesota Alliance of Boys and Girls Clubs to administer a statewide project of youth job skills and career development;

(5) a grant to the Minneapolis Park and Recreation Board for its youth workforce employment program Learn to Earn/Teen Teamworks; and

(6) a grant to Youthprise for Opportunity Reboot, a statewide initiative to address the economic challenges of disconnected youth.

The commissioner has discretion to allocate these appropriations among the listed programs and grantees, including awarding zero funds to a listed program or grantee. The commissioner has discretion to stipulate reasonable terms for individual programs

and grants. Of these amounts, up to four percent is for administration and monitoring of the funded programs. This is a onetime appropriation and funds are available until June 30, 2021.

**Subd. 4. General Support Services**

4,726,000

4,726,000

Appropriations by Fund

<u>General Fund</u>	<u>4,671,000</u>	<u>4,671,000</u>
<u>Workforce Development</u>	<u>55,000</u>	<u>55,000</u>

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

(b) \$1,269,000 each year is for transfer to the Minnesota Housing Finance Agency for operating the Olmstead Compliance Office.

(c) \$500,000 each year is for the capacity-building grant program to assist nonprofit organizations offering or seeking to offer workforce development and economic development programming.

**Subd. 5. Minnesota Trade Office**

2,292,000

2,292,000

(a) \$300,000 each year is for the STEP grants in Minnesota Statutes, section 116J.979.

(b) \$180,000 each year is for the Invest Minnesota marketing initiative in Minnesota Statutes, section 116J.9781.

(c) \$270,000 each year is for the Minnesota Trade Offices under Minnesota Statutes, section 116J.978.

(d) \$50,000 each year is for the Trade Policy Advisory Council under Minnesota Statutes, section 116J.9661.

**Subd. 6. Vocational Rehabilitation**

37,941,000

37,941,000

Appropriations by Fund

<u>General</u>	<u>30,111,000</u>	<u>30,111,000</u>
<u>Workforce Development</u>	<u>7,830,000</u>	<u>7,830,000</u>

(a) \$14,800,000 each year is for the state's vocational rehabilitation program under Minnesota Statutes, chapter 268A.

(b) \$8,995,000 each year from the general fund and \$6,830,000 each year from the workforce development fund is for extended employment services for persons with severe disabilities under Minnesota Statutes, section 268A.15. Of the general fund amount

appropriated, \$2,000,000 each year is for rate increases to providers of extended employment services for persons with severe disabilities under Minnesota Statutes, section 268A.15.

(c) \$2,555,000 each year is for grants to programs that provide employment support services to persons with mental illness under Minnesota Statutes, sections 268A.13 and 268A.14.

(d) \$3,761,000 each year is for grants to centers for independent living under Minnesota Statutes, section 268A.11. Of these amounts, at least \$100,000 each year must be used for providing services to veterans.

(e) \$1,000,000 each year is from the workforce development fund for grants under Minnesota Statutes, section 268A.16, for employment services for persons, including transition-age youth, who are deaf, deafblind, or hard-of-hearing. If the amount in the first year is insufficient, the amount in the second year is available in the first year.

**Subd. 7. Services for the Blind**

6,425,000

6,425,000

Of this amount, \$500,000 each year is for senior citizens who are becoming blind. At least one-half of the funds for this purpose must be used to provide training services for seniors who are becoming blind. Training services must provide independent living skills to seniors who are becoming blind to allow them to continue to live independently in their homes.

**Subd. 8. Paid Family and Medical Leave**

10,549,000

21,975,000

(a) \$10,549,000 the first year and \$21,442,000 the second year are for the purposes of Minnesota Statutes, chapter 268B. Unexpended funds appropriated in the first year are available in the second year. In fiscal year 2022, the base amount is \$14,596,000; in fiscal year 2023, the base amount is \$13,681,000; in fiscal year 2024, the base amount is \$11,520,000; and in fiscal year 2025 and beyond, the base amount is \$0.

(b) \$533,000 the second year is for the purpose of outreach, education, and technical assistance for employees and employers regarding Minnesota Statutes, chapter 268B. Of the amount appropriated, at least one-half must be used for grants to community-based groups providing outreach, education, and technical assistance for employees, employers, and self-employed individuals regarding Minnesota Statutes, chapter 268B. This outreach must include efforts to notify self-employed individuals of their ability to elect coverage under Minnesota Statutes, section 268B.11, and provide them with technical assistance in doing so. This is a onetime appropriation.



Subd. 9. **Dairy Assistance, Investment, Relief Initiative (DAIRI)**

10,000,000

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\$10,000,000 the first year is for transfer to the commissioner of agriculture to award need based grants to Minnesota dairy producers who milk herds of no more than 750 cows for buy-in to the federal Dairy Margin Coverage Program. The commissioner of agriculture must develop eligibility criteria in consultation with the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture finance.

Sec. 3. **DEPARTMENT OF LABOR AND INDUSTRY**

Subdivision 1. **Total Appropriation**

**\$36,680,000**

**\$35,067,000**

Appropriations by Fund

	<u>2020</u>	<u>2021</u>
<u>General</u>	9,056,000	10,445,000
<u>Workers' Compensation</u>	25,088,000	22,088,000
<u>Workforce Development</u>	2,534,000	2,534,000

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

Subd. 2. **General Support**

8,039,000

8,339,000

Appropriations by Fund

<u>General</u>	1,250,000	1,550,000
<u>Workers' Compensation</u>	6,039,000	6,039,000
<u>Workforce Development</u>		
<u>Fund</u>	750,000	750,000

(a) Except as provided in paragraphs (b) and (c), this appropriation is from the workers' compensation fund.

(b) \$1,250,000 the first year and \$1,550,000 the second year are from the general fund for system upgrades. This is a onetime appropriation and funds are available until June 30, 2023. This appropriation includes funds for information technology project services and support subject to Minnesota Statutes, section 16E.0466. Any ongoing information technology costs must be incorporated into the service level agreement and must be paid to the Office of MN.IT Services by the commissioner of labor and industry under the rates and mechanism specified in that agreement.

(c) \$750,000 each year is from the workforce development fund to administer the youth skills training program and make grant awards under Minnesota Statutes, section 175.46.

**Subd. 3. Labor Standards and Apprenticeship**

9,590,000

11,429,000

Appropriations by Fund

General	<u>7,806,000</u>	<u>8,895,000</u>
Workforce Development	<u>1,784,000</u>	<u>1,784,000</u>

(a) \$2,046,000 each year is for wage theft prevention.

(b) \$3,866,000 the first year and \$4,072,000 the second year are for enforcement and other duties regarding earned sick and safe time under Minnesota Statutes, section 181.9445 and chapter 177. In fiscal year 2022, the base amount is \$2,874,000 and in fiscal year 2023 and beyond, the base amount is \$2,873,000.

(c) \$214,000 the first year and \$377,000 the second year are for the purpose of outreach, education, and technical assistance for employees, employers, and self-employed individuals regarding Minnesota Statutes, chapter 268B. This outreach must include efforts to notify self-employed individuals of their ability to elect coverage under Minnesota Statutes, section 268B.11, and provide them with technical assistance in doing so. Unexpended amounts appropriated the first year are available in the second year. This is a onetime appropriation.

(d) \$382,000 the first year and \$1,101,000 the second year are for enforcement duties and related administration under Minnesota Statutes, chapter 268B. This is a onetime appropriation.

(e) \$151,000 each year is from the workforce development fund for prevailing wage enforcement.

(f) \$1,133,000 each year is from the workforce development fund for the apprenticeship program under Minnesota Statutes, chapter 178.

(g) \$100,000 each year is from the workforce development fund for labor education and advancement program grants under Minnesota Statutes, section 178.11, to expand and promote registered apprenticeship training for minorities and women.

(h) \$400,000 each year is from the workforce development fund for grants to the Construction Careers Foundation for the Helmets to Hardhats Minnesota initiative. Grant funds must be used to recruit, retain, assist, and support National Guard, reserve, and active duty military members' and veterans' participation into apprenticeship programs registered with the Department of Labor and Industry and connect them with career training and

employment in the building and construction industry. The recruitment, selection, employment, and training must be without discrimination due to race, color, creed, religion, national origin, sex, sexual orientation, marital status, physical or mental disability, receipt of public assistance, or age.

(i) In fiscal years 2020 and 2021 the commissioner of labor and industry shall utilize funds in the contractor recovery fund for a statewide consumer awareness campaign highlighting the importance of hiring licensed contractors as well as the consequences of hiring unlicensed contractors.

**Subd. 4. Workers' Compensation**

14,882,000

11,882,000

\$3,000,000 the first year is from the workers' compensation fund for workers' compensation system upgrades. This amount is available until June 30, 2023. This is a onetime appropriation.

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 must be incorporated into the service level agreement and must be paid to the Office of MN.IT Services by the commissioner of labor and industry under the rates and mechanism specified in that agreement.

**Subd. 5. Workplace Safety**

4,167,000

4,167,000

This appropriation is from the workers' compensation fund.

**Sec. 4. WORKERS' COMPENSATION COURT OF APPEALS**

\$2,222,000

\$2,283,000

This appropriation is from the workers' compensation fund.

**Sec. 5. BUREAU OF MEDIATION SERVICES**

\$3,076,000

\$3,076,000

(a) \$560,000 each year is for purposes of the Public Employment Relations Board under Minnesota Statutes, section 179A.041.

(b) \$68,000 each year is from the general fund for grants to area labor management committees. Grants may be awarded for a 12-month period beginning July 1 each year. Any unencumbered balance remaining at the end of the first year does not cancel but is available for the second year.

(c) \$394,000 each year is for the Office of Collaboration and Dispute Resolution under Minnesota Statutes, section 179.90. Of this amount, \$160,000 each year is for grants under Minnesota Statutes, section 179.91.

Sec. 6. **DEPARTMENT OF COMMERCE**Subdivision 1. **Total Appropriation****\$25,873,000****\$25,345,000**Appropriations by Fund

<u>General</u>	<u>23,055,000</u>	<u>22,526,000</u>
<u>Special Revenue</u>	<u>2,060,000</u>	<u>2,060,000</u>
<u>Workers' Compensation</u>	<u>758,000</u>	<u>759,000</u>

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

Subd. 2. **Financial Institutions**1,131,0001,136,000

(a) \$400,000 each year is for a grant to Prepare and Prosper to develop, market, evaluate, and distribute a financial services inclusion program that (1) assists low-income and financially underserved populations to build savings and strengthen credit, and (2) provides services to assist low-income and financially underserved populations to become more financially stable and secure. Money remaining after the first year is available for the second year.

(b) \$100,000 each year is for a grant to Exodus Lending to assist individuals in reaching financial stability and resolving payday loans. This is a onetime appropriation and funds are available until June 30, 2022.

(c) \$200,000 each year is to administer the requirements of Minnesota Statutes, chapter 58B. This is a onetime appropriation.

Subd. 3. **Administrative Services**9,645,0008,955,000

(a) \$384,000 each year is for additional compliance efforts with unclaimed property. The commissioner may issue contracts for these services.

(b) \$100,000 each year is for the support of broadband development.

(c) \$33,000 each year is for rulemaking and administration under Minnesota Statutes, section 80A.461.

(d) \$960,000 the first year is to pay the award in the SafeLite Group, Inc., litigation.

**Subd. 4. Telecommunications**3,097,0003,107,000Appropriations by Fund

<u>General</u>	<u>1,037,000</u>	<u>1,047,000</u>
<u>Special Revenue</u>	<u>2,060,000</u>	<u>2,060,000</u>

\$2,060,000 each year is from the telecommunication access Minnesota fund account in the special revenue fund for the following transfers. This appropriation is added to the department's base:

(1) \$1,620,000 each year is to the commissioner of human services to supplement the ongoing operational expenses of the Commission of the Deaf, DeafBlind and Hard of Hearing;

(2) \$290,000 each year is to the chief information officer for the purpose of coordinating technology accessibility and usability;

(3) \$100,000 each year is to the Legislative Coordinating Commission for captioning of legislative coverage. This transfer is subject to Minnesota Statutes, section 16A.281; and

(4) \$50,000 each year is to the Office of MN.IT Services for a consolidated access fund to provide grants or services to other state agencies related to accessibility of their web-based services.

**Subd. 5. Enforcement**6,417,0006,507,000Appropriations by Fund

<u>General</u>	<u>6,217,000</u>	<u>6,307,000</u>
<u>Workers' Compensation</u>	<u>200,000</u>	<u>200,000</u>

(a) \$279,000 each year is for health care enforcement.

(b) \$250,000 each year is for a statewide education and outreach campaign to protect seniors, meaning those 60 years of age or older, vulnerable adults, as defined in Minnesota Statutes, section 626.5572, subdivision 21, and their caregivers from financial fraud and exploitation. The education and outreach campaign must include but is not limited to the dissemination of information through television, print, or other media, training and outreach to senior living facilities, and the creation of a senior fraud toolkit. This is a onetime appropriation.

**Subd. 6. Insurance**5,583,0005,640,000Appropriations by Fund

<u>General</u>	<u>5,025,000</u>	<u>5,081,000</u>
<u>Workers' Compensation</u>	<u>558,000</u>	<u>559,000</u>

(a) \$642,000 each year is for health insurance rate review staffing.

(b) \$412,000 each year is for actuarial work to prepare for implementation of principle-based reserves.

Sec. 7. **MINNESOTA MANAGEMENT AND BUDGET**

**\$51,000**

**\$106,000**

(a) \$29,000 the first year and \$13,000 the second year are for implementation and costs associated with paid family and medical leave under Minnesota Statutes, chapter 268B.

(b) \$22,000 the first year and \$93,000 the second year are for costs associated with earned sick and safe time under Minnesota Statutes, section 181.9445.

Sec. 8. **REVENUE DEPARTMENT**

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**\$91,000**

\$91,000 the second year is for implementation and costs associated with paid family and medical leave under Minnesota Statutes, chapter 268B. In fiscal year 2022, the base amount is \$149,000 and in fiscal year 2023 and beyond, the base amount is \$117,000.

Sec. 9. **SUPREME COURT**

**\$-0-**

**\$15,000**

\$15,000 the second year is for responsibilities related to Minnesota Statutes, chapter 268B. This is a onetime appropriation.

Sec. 10. **ATTORNEY GENERAL**

**\$654,000**

**\$654,000**

\$654,000 each year is for wage theft prevention.

ARTICLE 2  
FAMILY AND MEDICAL BENEFITS

Section 1. Minnesota Statutes 2018, section 13.719, is amended by adding a subdivision to read:

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

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

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

Sec. 2. Minnesota Statutes 2018, section 177.27, subdivision 4, is amended to read:

**Subd. 4. Compliance orders.** The commissioner may issue an order requiring an employer to comply with sections 177.21 to 177.435, 181.02, 181.03, 181.031, 181.032, 181.101, 181.11, 181.13, 181.14, 181.145, 181.15, 181.172, paragraph (a) or (d), 181.275, subdivision 2a, 181.722, 181.79, ~~and~~ 181.939 to 181.943, 268B.09,

subdivisions 1 to 6, and 268B.12, subdivision 2, or with any rule promulgated under section 177.28. The commissioner shall issue an order requiring an employer to comply with sections 177.41 to 177.435 if the violation is repeated. For purposes of this subdivision only, a violation is repeated if at any time during the two years that preceded the date of violation, the commissioner issued an order to the employer for violation of sections 177.41 to 177.435 and the order is final or the commissioner and the employer have entered into a settlement agreement that required the employer to pay back wages that were required by sections 177.41 to 177.435. The department shall serve the order upon the employer or the employer's authorized representative in person or by certified mail at the employer's place of business. An employer who wishes to contest the order must file written notice of objection to the order with the commissioner within 15 calendar days after being served with the order. A contested case proceeding must then be held in accordance with sections 14.57 to 14.69. If, within 15 calendar days after being served with the order, the employer fails to file a written notice of objection with the commissioner, the order becomes a final order of the commissioner.

Sec. 3. Minnesota Statutes 2018, section 181.032, is amended to read:

**181.032 REQUIRED STATEMENT OF EARNINGS BY EMPLOYER.**

(a) At the end of each pay period, the employer shall provide each employee an earnings statement, either in writing or by electronic means, covering that pay period. An employer who chooses to provide an earnings statement by electronic means must provide employee access to an employer-owned computer during an employee's regular working hours to review and print earnings statements, and must make statements available for review or printing for a period of at least 12 months.

(b) The earnings statement may be in any form determined by the employer but must include:

(1) the name of the employee;

(2) the hourly rate of pay (if applicable);

(3) the total number of hours worked by the employee unless exempt from chapter 177;

(4) the total amount of gross pay earned by the employee during that period;

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

(6) any amount deducted by the employer under section 268B.12, subdivision 2, and the amount paid by the employer based on the employee's wages under section 268B.12, subdivision 1;

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

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

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

(c) An employer must provide earnings statements to an employee in writing, rather than by electronic means, if the employer has received at least 24 hours notice from an employee that the employee would like to receive earnings statements in written form. Once an employer has received notice from an employee that the employee would like to receive earnings statements in written form, the employer must comply with that request on an ongoing basis.

Sec. 4. Minnesota Statutes 2018, section 268.19, subdivision 1, is amended to read:

Subdivision 1. **Use of data.** (a) Except as provided by this section, data gathered from any person under the administration of the Minnesota Unemployment Insurance Law are private data on individuals or nonpublic data not on individuals as defined in section 13.02, subdivisions 9 and 12, and may not be disclosed except according to a district court order or section 13.05. A subpoena is not considered a district court order. These data may be disseminated to and used by the following agencies without the consent of the subject of the data:

- (1) state and federal agencies specifically authorized access to the data by state or federal law;
- (2) any agency of any other state or any federal agency charged with the administration of an unemployment insurance program;
- (3) any agency responsible for the maintenance of a system of public employment offices for the purpose of assisting individuals in obtaining employment;
- (4) the public authority responsible for child support in Minnesota or any other state in accordance with section 256.978;
- (5) human rights agencies within Minnesota that have enforcement powers;
- (6) the Department of Revenue to the extent necessary for its duties under Minnesota laws;
- (7) public and private agencies responsible for administering publicly financed assistance programs for the purpose of monitoring the eligibility of the program's recipients;
- (8) the Department of Labor and Industry and the Commerce Fraud Bureau in the Department of Commerce for uses consistent with the administration of their duties under Minnesota law;
- (9) the Department of Human Services and the Office of Inspector General and its agents within the Department of Human Services, including county fraud investigators, for investigations related to recipient or provider fraud and employes of providers when the provider is suspected of committing public assistance fraud;
- (10) local and state welfare agencies for monitoring the eligibility of the data subject for assistance programs, or for any employment or training program administered by those agencies, whether alone, in combination with another welfare agency, or in conjunction with the department or to monitor and evaluate the statewide Minnesota family investment program by providing data on recipients and former recipients of food stamps or food support, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, or medical programs under chapter 256B or 256L or formerly codified under chapter 256D;
- (11) local and state welfare agencies for the purpose of identifying employment, wages, and other information to assist in the collection of an overpayment debt in an assistance program;
- (12) local, state, and federal law enforcement agencies for the purpose of ascertaining the last known address and employment location of an individual who is the subject of a criminal investigation;
- (13) the United States Immigration and Customs Enforcement has access to data on specific individuals and specific employers provided the specific individual or specific employer is the subject of an investigation by that agency;
- (14) the Department of Health for the purposes of epidemiologic investigations;



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

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

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

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

(b) Data on individuals and employers that are collected, maintained, or used by the department in an investigation under section 268.182 are confidential as to data on individuals and protected nonpublic data not on individuals as defined in section 13.02, subdivisions 3 and 13, and must not be disclosed except under statute or district court order or to a party named in a criminal proceeding, administrative or judicial, for preparation of a defense.

(c) Data gathered by the department in the administration of the Minnesota unemployment insurance program must not be made the subject or the basis for any suit in any civil proceedings, administrative or judicial, unless the action is initiated by the department.

Sec. 5. **[268B.01] DEFINITIONS.**

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

Subd. 2. **Account.** "Account" means the family and medical benefit insurance account in the special revenue fund in the state treasury under section 268B.02.

Subd. 3. **Applicant.** "Applicant" means an individual applying for leave with benefits under this chapter.

Subd. 4. **Applicant's average weekly wage.** "Applicant's average weekly wage" means an amount equal to the applicant's high quarter wage credits divided by 13.

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

Subd. 6. **Benefit year.** "Benefit year" means a period of 52 consecutive calendar weeks beginning on the first day of a leave approved for benefits under this chapter.

Subd. 7. **Bonding.** "Bonding" means time spent by an applicant who is a biological, adoptive, or foster parent with a biological, adopted, or foster child in conjunction with the child's birth, adoption, or placement.

Subd. 8. **Calendar day.** "Calendar day" or "day" means a fixed 24-hour period corresponding to a single calendar date.

Subd. 9. **Calendar week.** "Calendar week" means a period of seven consecutive calendar days.

Subd. 10. **Commissioner.** "Commissioner" means the commissioner of employment and economic development, unless otherwise indicated by context.

Subd. 11. **Continuing treatment.** A serious health condition involving continuing treatment by a health care provider includes any one or more of the following:

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

(i) treatment two or more times within 30 calendar days of the first day of incapacity, unless extenuating circumstances exist, by a health care provider; or

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

(2) any period of incapacity or treatment for such incapacity due to a chronic serious health condition. A chronic serious health condition is one that:

(i) requires periodic visits, defined as at least twice per year, for treatment for the incapacity by a health care provider;

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

(iii) may cause episodic rather than a continuing period of incapacity;

(3) a period of incapacity that is long-term due to a condition for which treatment may not be effective, with the employee or family member under the supervision of, but not necessarily receiving active treatment by a health care provider; and

(4) any period of absence to receive multiple treatments by a health care provider, including any period of recovery therefrom, for:

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

(ii) a condition that would likely result in a period of incapacity of more than seven consecutive, calendar days in the absence of medical intervention or treatment, such as cancer, severe arthritis, or kidney disease.

Subd. 12. **Covered employment.** "Covered employment" has the meaning given in section 268.035, subdivision 12.

Subd. 13. **Day.** "Day" means an eight-hour period.

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

Subd. 15. **Employee.** "Employee" means an individual for whom premiums are paid on wages under this chapter.

Subd. 16. **Employer.** "Employer" means a person or entity, other than an employee, required to pay premiums under this chapter, except that a self-employed individual who has elected and been approved for coverage under section 268B.11 is not considered an employer with regard to the self-employed individual's own coverage and benefits.

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

Subd. 18. **Family benefit program.** "Family benefit program" means the program administered under this chapter for the collection of premiums and payment of benefits related to family care, bonding, safety leave, and leave related to a qualifying exigency.

Subd. 19. **Family care.** "Family care" means an applicant caring for a family member with a serious health condition or caring for a family member who is a covered service member.

Subd. 20. **Family member.** (a) "Family member" means an employee's child, adult child, spouse, sibling, parent, parent-in-law, grandchild, grandparent, stepparent, member of the employee's household, or an individual described in paragraph (e).

(b) For the purposes of this chapter, a child includes a stepchild, biological, adopted, or foster child of the employee.

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

(d) For the purposes of this chapter, an individual is a member of the employee's household if the individual has resided at the same address as the employee for at least one year as of the first day of a leave under this chapter.

(e) For the purposes of this chapter, an individual with a serious health condition is deemed a family member of the employee if (1) a health care provider certifies in writing that the individual requires care relating to the serious health condition, and (2) the employee and the care recipient certify in writing that the employee will be providing the required care.

Subd. 21. **Health care provider.** "Health care provider" means an individual who is licensed, certified, or otherwise authorized under law to practice in the individual's scope of practice as a physician, osteopath, physician assistant, chiropractor, advanced practice registered nurse, licensed psychologist, licensed independent clinical social worker, or dentist. "Chiropractor" means only a chiropractor who provides manual manipulation of the spine to correct a subluxation demonstrated to exist by an x-ray.

Subd. 22. **High quarter.** "High quarter" has the meaning given in section 268.035, subdivision 19.

Subd. 23. **Independent contractor.** (a) If there is an existing specific test or definition for independent contractor in Minnesota statute or rule applicable to an occupation or sector as of the date of enactment of this chapter, that test or definition will apply to that occupation or sector for purposes of this chapter. If there is not an existing test or definition as described, the definition for independent contractor shall be as provided in this subdivision.

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

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

(2) the individual:

(i) holds or has applied for a federal employer identification number; or

(ii) has filed business or self-employment income tax returns with the federal Internal Revenue Service if the individual has performed services in the previous year;

(3) the individual is operating under contract to perform the specific services for the person for specific amounts of money and under which the individual controls the means of performing the services;

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

(5) the individual is responsible for the satisfactory completion of the services that the individual has contracted to perform for the person and is liable for a failure to complete the services;

(6) the individual receives compensation from the person for the services performed under the contract on a commission or per-job or competitive bid basis and not on any other basis;

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

(8) the individual has continuing or recurring business liabilities or obligations; and

(9) the success or failure of the individual's business depends on the relationship of business receipts to expenditures.

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

Subd. 24. **Inpatient care.** "Inpatient care" means an overnight stay in a hospital, hospice, or residential medical care facility, including any period of incapacity defined under subdivision 33, paragraph (b), or any subsequent treatment in connection with such inpatient care.

Subd. 25. **Maximum weekly benefit amount.** "Maximum weekly benefit amount" means the state's average weekly wage as calculated under section 268.035, subdivision 23.

Subd. 26. **Medical benefit program.** "Medical benefit program" means the program administered under this chapter for the collection of premiums and payment of benefits related to an applicant's serious health condition or pregnancy.

Subd. 27. **Net earnings from self-employment.** "Net earnings from self-employment" has the meaning given in section 1402 of the Internal Revenue Code, as defined in section 290.01, subdivision 31.

Subd. 28. **Noncovered employment.** "Noncovered employment" has the meaning given in section 268.035, subdivision 20.

Subd. 29. **Pregnancy.** "Pregnancy" means prenatal care or incapacity due to pregnancy, or recovery from childbirth, still birth, miscarriage, or related health conditions.

Subd. 30. **Qualifying exigency.** (a) "Qualifying exigency" means a need arising out of a military member's active duty service or notice of an impending call or order to active duty in the United States armed forces, including providing for the care or other needs of the family member's child or other dependent, making financial or legal arrangements for the family member, attending counseling, attending military events or ceremonies, spending time with the family member during a rest and recuperation leave or following return from deployment, or making arrangements following the death of the military member.

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

Subd. 31. **Safety leave.** "Safety leave" means leave from work because of domestic abuse, sexual assault, or stalking of the employee or employee's family member, provided the leave is to:

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

(2) obtain services from a victim services organization;

(3) obtain psychological or other counseling;

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

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

Subd. 32. **Self-employed individual.** "Self-employed individual" means a resident of the state who, in one of the two taxable years preceding the current calendar year, derived at least \$10,000 in net earnings from self-employment from an entity other than an S corporation for the performance of services in this state.

Subd. 33. **Self-employment premium base.** "Self-employment premium base" means the lesser of:

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

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

Subd. 34. **Self-employment wages.** "Self-employment wages" means the amount of wages that a self-employed individual earned in the calendar year from an entity from which the individual also received net earnings from self-employment.

Subd. 35. **Serious health condition.** (a) "Serious health condition" means an illness, injury, impairment, or physical or mental condition that involves inpatient care as defined in subdivision 24 or continuing treatment by a health care provider as defined in subdivision 11.

(b) "Incapacity" means inability to work, attend school, or perform other regular daily activities due to the serious health condition, treatment therefore, or recovery therefrom.

(c) Treatment includes but is not limited to examinations to determine if a serious health condition exists and evaluations of the condition. Treatment does not include routine physical examinations, eye examinations, or dental examinations. A regimen of continuing treatment includes, for example, a course of prescription medication or therapy requiring special equipment to resolve or alleviate the health condition.

Subd. 36. **State's average weekly wage.** "State's average weekly wage" means the weekly wage calculated under section 268.035, subdivision 23.

Subd. 37. **Taxable year.** "Taxable year" has the meaning given in section 290.01, subdivision 9.

Subd. 38. **Wage credits.** "Wage credits" has the meaning given in section 268.035, subdivision 27.

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

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

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

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

Subd. 4. **Account creation; appropriation.** The family and medical benefit insurance account is created in the special revenue fund in the state treasury. Money in this account is appropriated to the commissioner to pay benefits under and to administer this chapter, including outreach required under section 268B.15.

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

**Sec. 7. [268B.03] ELIGIBILITY.**

Subdivision 1. **Applicant.** An applicant who has a serious health condition, has a qualifying exigency, is taking safety leave, is providing family care, is bonding, or is pregnant or recovering from pregnancy, and who satisfies the conditions of this section is eligible to receive benefits subject to the provisions of this chapter.

Subd. 2. **Wage credits.** An applicant must have sufficient wage credits from an employer or employers as defined in section 268B.01, subdivision 16, to establish a benefit account under section 268.07, subdivision 2.

Subd. 3. **Seven-day qualifying event.** (a) The period for which an applicant is seeking benefits must be or have been based on a single event of at least seven calendar days' duration related to pregnancy, recovery from pregnancy, family care, a qualifying exigency, safety leave, or the applicant's serious health condition. The days need not be consecutive.

(b) Benefits related to bonding need not meet the seven-day qualifying event requirement.

(c) The commissioner must use the rulemaking authority under section 268B.02, subdivision 3, to adopt rules regarding what serious health conditions and other events are prospectively presumed to constitute seven-day qualifying events under this chapter.

Subd. 4. **Ineligible.** (a) An applicant is not eligible for benefits for any portion of a day for which the applicant worked for pay.

(b) An applicant is not eligible for benefits for any day for which the applicant received benefits under chapter 176 or 268.

Subd. 5. **Certification.** An applicant for benefits under this chapter must fulfill the certification requirements under section 268B.04, subdivision 2.

Subd. 6. **Records release.** An individual whose medical records are necessary to determine eligibility for benefits under this chapter must sign and date a legally effective waiver authorizing release of medical or other records, to the limited extent necessary to administer or enforce this chapter, to the department and the Department of Labor and Industry.

Subd. 7. **Self-employed individual applicant.** To fulfill the requirements of this section, a self-employed individual or independent contractor who has elected and been approved for coverage under section 268B.011 must fulfill only the requirements of subdivisions 3, 4, 5, and 6.

#### Sec. 8. **[268B.04] APPLICATIONS.**

Subdivision 1. **Process; deadline.** Applicants must file a benefit claim pursuant to rules promulgated by the commissioner within 90 calendar days of the related qualifying event. If a claim is filed more than 90 calendar days after the start of leave, the covered individual may receive reduced benefits. All claims shall include a certification supporting a request for leave under this chapter. The commissioner must establish good cause exemptions from the certification requirement deadline in the event that a serious health condition of the applicant prevents the applicant from providing the required certification within the 90 calendar days.

Subd. 2. **Certification.** (a) Certification for an applicant taking leave related to the applicant's serious health condition shall be sufficient if the certification states the date on which the serious health condition began, the probable duration of the condition, and the appropriate medical facts within the knowledge of the health care provider as required by the commissioner.

(b) Certification for an applicant taking leave to care for a family member with a serious health condition shall be sufficient if the certification states the date on which the serious health condition commenced, the probable duration of the condition, the appropriate medical facts within the knowledge of the health care provider as required by the commissioner, a statement that the family member requires care, and an estimate of the amount of time that the family member will require care.

(c) Certification for an applicant taking leave related to pregnancy shall be sufficient if the certification states the expected due date and recovery period based on appropriate medical facts within the knowledge of the health care provider.

(d) Certification for an applicant taking bonding leave because of the birth of the applicant's child shall be sufficient if the certification includes either the child's birth certificate or a document issued by the health care provider of the child or the health care provider of the person who gave birth, stating the child's birth date.

(e) Certification for an applicant taking bonding leave because of the placement of a child with the applicant for adoption or foster care shall be sufficient if the applicant provides a document issued by the health care provider of the child, an adoption or foster care agency involved in the placement, or by other individuals as determined by the commissioner that confirms the placement and the date of placement. To the extent that the status of an applicant as an adoptive or foster parent changes while an application for benefits is pending, or while the covered individual is receiving benefits, the applicant must notify the department of such change in status in writing.

(f) Certification for an applicant taking leave because of a qualifying exigency shall be sufficient if the certification includes:

- (1) a copy of the family member's active-duty orders;
- (2) other documentation issued by the United States armed forces; or
- (3) other documentation permitted by the commissioner.

(g) Certification for an applicant taking safety leave is sufficient if the certification includes a court record or documentation signed by a volunteer or employee of a victim's services organization, an attorney, a police officer, or an antiviolence counselor. The commissioner must not require disclosure of details relating to an applicant's or applicant's family member's domestic abuse, sexual assault, or stalking.

(h) Certifications under paragraphs (a) to (e) must be reviewed and signed by a health care provider with knowledge of the qualifying event associated with the leave.

(i) For a leave taken on an intermittent or reduced-schedule basis, based on a serious health condition of an applicant or applicant's family member, the certification under this subdivision must include an explanation of how such leave would be medically beneficial to the individual with the serious health condition.

#### **Sec. 9. [268B.05] DETERMINATION OF APPLICATION.**

Upon the filing of a complete application for benefits, the commissioner shall examine the application and on the basis of facts found by the commissioner and records maintained by the department, the applicant shall be determined to be eligible or ineligible within two weeks. If the application is determined to be valid, the commissioner shall promptly notify the applicant and any other interested party as to the week when benefits commence, the weekly benefit amount payable, and the maximum duration of those benefits. If the application is determined to be invalid, the commissioner shall notify the applicant and any other interested party of that determination and the reasons for it. If the processing of the application is delayed for any reason, the commissioner shall notify the applicant, in writing, within two weeks of the date the application for benefits is filed of the reason for the delay. Unless the applicant or any other interested party, within 30 calendar days, requests a hearing before a benefit judge, the determination is final. For good cause shown, the 30-day period may be extended. At any time within one year from the date of a monetary determination, the commissioner, upon request of the applicant or on the commissioner's own initiative, may reconsider the determination if it is found that an error in computation or identity has occurred in connection with the determination or that additional wages pertinent to the applicant's status have become available, or if that determination has been made as a result of a nondisclosure or misrepresentation of a material fact.

#### **Sec. 10. [268B.06] EMPLOYER NOTIFICATION.**

(a) Upon a determination under section 268B.05 that an applicant is entitled to benefits, the commissioner must promptly send a notification to each current employer of the applicant, if any, in accordance with paragraph (b).



(b) The notification under paragraph (a) must include, at a minimum:

(1) the name of the applicant;

(2) that the applicant has applied for and received benefits;

(3) the week the benefits commence;

(4) the weekly benefit amount payable;

(5) the maximum duration of benefits; and

(6) descriptions of the employer's right to participate in a hearing under section 268B.05, and appeal process under section 268B.07.

Sec. 11. **[268B.07] APPEAL PROCESS.**

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

(b) Upon a timely appeal to a determination having been filed or upon a referral for direct hearing, the chief benefit judge must set a time and date for a de novo due-process hearing and send notice to an applicant and an employer, by mail or electronic transmission, not less than ten calendar days before the date of the hearing.

(c) The commissioner may adopt rules on procedures for hearings. The rules need not conform to common law or statutory rules of evidence and other technical rules of procedure.

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

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

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

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

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

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

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

Sec. 12. **[268B.08] BENEFITS.**

Subdivision 1. **Weekly benefit amount.** (a) Subject to the maximum weekly benefit amount, an applicant's weekly benefit is calculated by adding the amounts obtained by applying the following percentage to an applicant's average weekly wage:

(1) 90 percent of wages that do not exceed 50 percent of the state's average weekly wage; plus

(2) 66 percent of wages that exceed 50 percent of the state's average weekly wage but not 100 percent; plus

(3) 55 percent of wages that exceed 100 percent of the state's average weekly wage.

(b) The state's average weekly wage is the average wage as calculated under section 268.035, subdivision 23, at the time a benefit amount is first determined.

(c) Notwithstanding any other provision in this section, weekly benefits must not exceed the maximum weekly benefit amount applicable at the time benefit payments commence.

Subd. 2. **Timing of payment.** Except as otherwise provided for in this chapter, benefits must be paid weekly.

Subd. 3. **Maximum length of benefits.** (a) Except as provided in paragraph (b), in a single benefit year, an applicant may receive up to 12 weeks of benefits under this chapter related to the applicant's serious health condition or pregnancy and up to 12 weeks of benefits under this chapter for bonding, safety leave, or family care.

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

Subd. 4. **Minimum period for which benefits payable.** Except for a claim for benefits for bonding leave, any claim for benefits must be based on a single-qualifying event of at least seven calendar days. Benefits may be paid for a minimum increment of one day. The minimum increment of one day may consist of multiple, nonconsecutive portions of a day totaling eight hours.

Subd. 5. **Withholding of federal tax.** If the Internal Revenue Service determines that benefits are subject to federal income tax, and an applicant elects to have federal income tax deducted and withheld from the applicant's benefits, the commissioner must deduct and withhold the amount specified in the Internal Revenue Code in a manner consistent with state law.

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

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

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

(b) "As soon as practicable" means as soon as both possible and practical, taking into account all of the facts and circumstances in the individual case. When an employee becomes aware of a need for leave under this chapter less than 30 days in advance, it should be practicable for the employee to provide notice of the need for leave either the

same day or the next day, unless the need for leave is based on a medical emergency. In all cases, however, the determination of when an employee could practicably provide notice must take into account the individual facts and circumstances.

(c) An employee shall provide at least verbal notice sufficient to make the employer aware that the employee needs leave allowed under this chapter and the anticipated timing and duration of the leave. An employer may require an employee giving notice of leave to include a certification for the leave as described in section 268B.04, subdivision 2. Such certification, if required by an employer, is timely when the employee delivers it as soon as practicable given the circumstances requiring the need for leave, and the required contents of the certification.

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

(e) If an employer has failed to provide notice to the employee as required under section 268B.22, paragraph (a), (b), or (e), the employee is not required to comply with the notice requirements of this subdivision.

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

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

(b) Leave taken intermittently or on a reduced schedule basis counts toward the maximums described in section 268B.08, subdivision 3.

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

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

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

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

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

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

Subd. 6. **Employee right to reinstatement.** (a) On return from leave under this chapter, an employee is entitled to be returned to the same position the employee held when leave commenced or to an equivalent position with equivalent benefits, pay, and other terms and conditions of employment. An employee is entitled to such reinstatement even if the employee has been replaced or the employee's position has been restructured to accommodate the employee's absence.

(b)(1) An equivalent position is one that is virtually identical to the employee's former position in terms of pay, benefits, and working conditions, including privileges, prerequisites, and status. It must involve the same or substantially similar duties and responsibilities, which must entail substantially equivalent skill, effort, responsibility, and authority.

(2) If an employee is no longer qualified for the position because of the employee's inability to attend a necessary course, renew a license, fly a minimum number of hours, or the like, as a result of the leave, the employee must be given a reasonable opportunity to fulfill those conditions upon return from leave.

(c)(1) An employee is entitled to any unconditional pay increases which may have occurred during the leave period, such as cost of living increases. Pay increases conditioned upon seniority, length of service, or work performed must be granted in accordance with the employer's policy or practice with respect to other employees on an equivalent leave status for a reason that does not qualify for leave under this chapter. An employee is entitled to be restored to a position with the same or equivalent pay premiums, such as a shift differential. If an employee departed from a position averaging ten hours of overtime, and corresponding overtime pay, each week an employee is ordinarily entitled to such a position on return from leave under this chapter.

(2) Equivalent pay includes any bonus or payment, whether it is discretionary or nondiscretionary, made to employees consistent with the provisions of clause (1). However, if a bonus or other payment is based on the achievement of a specified goal such as hours worked, products sold, or perfect attendance, and the employee has not met the goal due to leave under this chapter, the payment may be denied, unless otherwise paid to employees on an equivalent leave status for a reason that does not qualify for leave under this chapter.

(d) Benefits under this section include all benefits provided or made available to employees by an employer, including group life insurance, health insurance, disability insurance, sick leave, annual leave, educational benefits, and pensions, regardless of whether such benefits are provided by a practice or written policy of an employer through an employee benefit plan as defined in section 3(3) of United States Code, title 29, section 1002(3).

(1) At the end of an employee's leave under this chapter, benefits must be resumed in the same manner and at the same levels as provided when the leave began, and subject to any changes in benefit levels that may have taken place during the period of leave affecting the entire workforce, unless otherwise elected by the employee. Upon return from a leave under this chapter, an employee cannot be required to requalify for any benefits the employee enjoyed before leave began, including family or dependent coverages.

(2) An employee may, but is not entitled to, accrue any additional benefits or seniority during a leave under this chapter. Benefits accrued at the time leave began, however, must be available to an employee upon return from leave.

(3) With respect to pension and other retirement plans, leave under this chapter must not be treated as or counted toward a break in service for purposes of vesting and eligibility to participate. Also, if the plan requires an employee to be employed on a specific date in order to be credited with a year of service for vesting, contributions, or participation purposes, an employee on leave under this chapter must be treated as employed on that date. However, periods of leave under this chapter need not be treated as credited service for purposes of benefit accrual, vesting, and eligibility to participate.

(4) Employees on leave under this chapter must be treated as if they continued to work for purposes of changes to benefit plans. Employees on leave under this chapter are entitled to changes in benefit plans, except those which may be dependent upon seniority or accrual during the leave period, immediately upon return from leave or to the same extent they would have qualified if no leave had been taken.

(e) An equivalent position must have substantially similar duties, conditions, responsibilities, privileges, and status as the employee's original position.

(1) The employee must be reinstated to the same or a geographically proximate worksite from where the employee had previously been employed. If the employee's original worksite has been closed, the employee is entitled to the same rights as if the employee had not been on leave when the worksite closed.

(2) The employee is ordinarily entitled to return to the same shift or the same or an equivalent work schedule.

(3) The employee must have the same or an equivalent opportunity for bonuses, profit-sharing, and other similar discretionary and nondiscretionary payments.

(4) This chapter does not prohibit an employer from accommodating an employee's request to be restored to a different shift, schedule, or position which better suits the employee's personal needs on return from leave, or to offer a promotion to a better position. However, an employee must not be induced by the employer to accept a different position against the employee's wishes.

(f) The requirement that an employee be restored to the same or equivalent job with the same or equivalent pay, benefits, and terms and conditions of employment does not extend to de minimis, intangible, or unmeasurable aspects of the job.

Subd. 7. **Limitations on an employee's right to reinstatement.** An employee has no greater right to reinstatement or to other benefits and conditions of employment than if the employee had been continuously employed during the period of leave under this chapter. An employer must be able to show that an employee would not otherwise have been employed at the time reinstatement is requested in order to deny restoration to employment.

(1) If an employee is laid off during the course of taking a leave under this chapter and employment is terminated, the employer's responsibility to continue the leave, maintain group health plan benefits, and restore the employee cease at the time the employee is laid off, provided the employer has no continuing obligations under a collective bargaining agreement or otherwise. An employer would have the burden of proving that an employee would have been laid off during the period of leave under this chapter and, therefore, would not be entitled to restoration. Restoration to a job slated for layoff when the employee's original position would not meet the requirements of an equivalent position.

(2) If a shift has been eliminated or overtime has been decreased, an employee would not be entitled to return to work that shift or the original overtime hours upon restoration. However, if a position on, for example, a night shift has been filled by another employee, the employee is entitled to return to the same shift on which employed before taking leave under this chapter.

(3) If an employee was hired for a specific term or only to perform work on a discrete project, the employer has no obligation to restore the employee if the employment term or project is over and the employer would not otherwise have continued to employ the employee.

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

(1) damages equal to the amount of:

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

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

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

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

(1) the employees; or

(2) the employees and other employees similarly situated.

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

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

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

Subdivision 1. **Application for substitution.** Employers may apply to the commissioner for approval to meet their obligations under this chapter through the substitution of a private plan that provides paid family, paid medical, or paid family and medical benefits. In order to be approved as meeting an employer's obligations under this chapter, a private plan must confer all of the same rights, protections, and benefits provided to employees under this chapter, including but not limited to benefits under section 268B.08 and employment protections under section 268B.09. An employee covered by a private plan under this section retains all applicable rights and remedies under section 268B.09.

Subd. 2. **Private plan requirements; medical benefit program.** The commissioner must approve an application for private provision of the medical benefit program if the commissioner determines:

(1) all of the employees of the employer are to be covered under the provisions of the employer plan;

(2) eligibility requirements for benefits and leave are no more restrictive than as provided under this chapter;

(3) the weekly benefits payable under the private plan for any week are at least equal to the weekly benefit amount payable under this chapter, taking into consideration any coverage with respect to concurrent employment by another employer;

(4) the total number of weeks for which benefits are payable under the private plan is at least equal to the total number of weeks for which benefits would have been payable under this chapter;

(5) no greater amount is required to be paid by employees toward the cost of benefits under the employer plan than by this chapter;

(6) wage replacement benefits are stated in the plan separately and distinctly from other benefits;

(7) the private plan will provide benefits and leave for any serious health condition or pregnancy for which benefits are payable, and leave provided, under this chapter;

(8) the private plan will impose no additional condition or restriction on the use of medical benefits beyond those explicitly authorized by this chapter or regulations promulgated pursuant to this chapter;

(9) the private plan will allow any employee covered under the private plan who is eligible to receive medical benefits under this chapter to receive medical benefits under the employer plan; and

(10) coverage will be continued under the private plan while an employee remains employed by the employer.

**Subd. 3. Private plan requirements; family benefit program.** The commissioner must approve an application for private provision of the family benefit program if the commissioner determines:

(1) all of the employees of the employer are to be covered under the provisions of the employer plan;

(2) eligibility requirements for benefits and leave are no more restrictive than as provided under this chapter;

(3) the weekly benefits payable under the private plan for any week are at least equal to the weekly benefit amount payable under this chapter, taking into consideration any coverage with respect to concurrent employment by another employer;

(4) the total number of weeks for which benefits are payable under the private plan is at least equal to the total number of weeks for which benefits would have been payable under this chapter;

(5) no greater amount is required to be paid by employees toward the cost of benefits under the employer plan than by this chapter;

(6) wage replacement benefits are stated in the plan separately and distinctly from other benefits;

(7) the private plan will provide benefits and leave for any care for a family member with a serious health condition, bonding with a child, qualifying exigency, or safety leave event for which benefits are payable, and leave provided, under this chapter;

(8) the private plan will impose no additional condition or restriction on the use of family benefits beyond those explicitly authorized by this chapter or regulations promulgated pursuant to this chapter;

(9) the private plan will allow any employee covered under the private plan who is eligible to receive medical benefits under this chapter to receive medical benefits under the employer plan; and

(10) coverage will be continued under the private plan while an employee remains employed by the employer.

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

Subd. 5. **Private plan approval and oversight fee.** An employer with an approved private plan will not be required to pay premiums established under section 268B.12. An employer with an approved private plan will be responsible for a private plan approval and oversight fee equal to \$250 for employers with fewer than 50 employees, \$500 for employers with 50 to 499 employees, and \$1,000 for employers with 500 or more employees. The employer must pay this fee (1) upon initial application for private plan approval and (2) any time the employer applies to amend the private plan. The commissioner will review and report on the adequacy of this fee to cover private plan administrative costs annually beginning in 2020 as part of the annual report established in section 268B.21.

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

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

Subd. 8. **Employees no longer covered.** (a) An employee is no longer covered by an approved private plan if a leave under this chapter occurs after the employment relationship with the private plan employer ends, or if the commissioner revokes the approval of the private plan.

(b) An employee no longer covered by an approved private plan is, if otherwise eligible, immediately entitled to benefits under this chapter to the same extent as though there had been no approval of the private plan.

Subd. 9. **Posting of notice regarding private plan.** An employer with a private plan must provide a notice prepared by or approved by the commissioner regarding the private plan consistent with the provisions of section 268B.22.

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

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

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

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

Subd. 11. **Successor employer.** A private plan in effect at the time a successor acquires the employer organization, trade, or business, or substantially all the assets thereof, or a distinct and severable portion of the organization, trade, or business, and continues its operation without substantial reduction of personnel resulting from



the acquisition, must continue the approved private plan and must not withdraw the plan without a specific request for withdrawal in a manner and at a time specified by the commissioner. A successor may terminate a private plan with notice to the commissioner and within 90 days from the date of the acquisition.

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

(1) failed to pay benefits;

(2) failed to pay benefits in a timely manner, consistent with the requirements of this chapter;

(3) failed to submit reports as required by this chapter or rule adopted under this chapter; or

(4) otherwise failed to comply with this chapter or rule adopted under this chapter.

(b) The commissioner must give notice of the intention to terminate a plan to the employer at least ten days before taking any final action. The notice must state the effective date and the reason for the termination.

(c) The employer may, within ten days from mailing or personal service of the notice, file an appeal to the commissioner in the time, manner, method, and procedure provided by the commissioner under subdivision 7.

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

(e) If the commissioner revokes approval of an employer's private plan, that employer is ineligible to apply for approval of another private plan for a period of three years, beginning on the date of revocation.

**Subd. 13. Employer penalties.** (a) The commissioner may assess the following monetary penalties against an employer with an approved private plan found to have violated this chapter:

(1) \$1,000 for the first violation; and

(2) \$2,000 for the second, and each successive violation.

(b) The commissioner must waive collection of any penalty if the employer corrects the violation within 30 days of receiving a notice of the violation and the notice is for a first violation.

(c) The commissioner may waive collection of any penalty if the commissioner determines the violation to be an inadvertent error by the employer.

(d) Monetary penalties collected under this section shall be deposited in the account.

(e) Assessment of penalties under this subdivision may be appealed as provided by the commissioner under subdivision 7.

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

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

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

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

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

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

Subd. 3. **Premium.** A self-employed individual who elects to receive coverage under this chapter must annually pay a premium equal to one-half the percentage in section 268B.12, subdivision 4, clause (1), times the lesser of:

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

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

Subd. 4. **Benefits.** Notwithstanding anything to the contrary, a self-employed individual who has applied to and been approved for coverage by the commissioner under this section is entitled to benefits on the same basis as an employee under this chapter, except that a self-employed individual's weekly benefit amount under section 268B.08, subdivision 1, must be calculated as a percentage of the self-employed individual's self-employment premium base, rather than wages.

Sec. 17. **[268B.12] PREMIUMS.**

Subdivision 1. **Employer.** (a) Each person or entity required, or who elected, to register for a tax account under sections 268.042, 268.045, and 268.046 must pay a premium on the wages paid to employees in covered employment for each calendar year. The premium must be paid on all wages up to the maximum specified by this section.

(b) Each person or entity required, or who elected, to register for a reimbursable account under sections 268.042, 268.045, and 268.046 must pay a premium on the wages paid to employees in covered employment in the same amount and manner as provided by paragraph (a).

Subd. 2. **Employee charge back.** Notwithstanding section 177.24, subdivision 4, or 181.06, subdivision 1, employers and covered business entities may deduct up to 50 percent of annual premiums paid under this section from employee wages. Such deductions for any given employee must be in equal proportion to the premiums paid based on the wages of that employee, and all employees of an employer must be subject to the same percentage deduction. Deductions under this section must not cause an employee's wage, after the deduction, to fall below the rate required to be paid to the worker by law, including any applicable statute, regulation, rule, ordinance, government resolution or policy, contract, or other legal authority, whichever rate of pay is greater.

Subd. 3. **Wages and payments subject to premium.** (a) The maximum wages subject to premium in a calendar year is equal to the maximum earnings in that year subject to the FICA Old-Age, Survivors, and Disability Insurance tax.

(b) The maximum payment amount subject to premium in a calendar year, under subdivision 1, paragraph (c), is equal to the maximum earnings in that year subject to the FICA Old-Age, Survivors, and Disability Insurance tax.

Subd. 4. **Annual premium rates.** The employer premium rates for the calendar year beginning January 1, 2021, shall be as follows:

(1) for employers participating in both family and medical benefit programs, 0.6 percent;

(2) for an employer participating in only the medical benefit program and with an approved private plan for the family benefit program, 0.486 percent; and

(3) for an employer participating in only the family benefit program and with an approved private plan for the medical benefit program, 0.114 percent.

Subd. 5. **Premium rate adjustments.** (a) Each calendar year following the calendar year beginning January 1, 2023, the commissioner must adjust the annual premium rates using the formula in paragraph (b).

(b) To calculate the employer rates for a calendar year, the commissioner must:

(1) multiply 1.45 times the amount disbursed from the account for the 52-week period ending September 30 of the prior year;

(2) subtract the amount in the account on that September 30 from the resulting figure;

(3) divide the resulting figure by twice the total wages in covered employment of employees of employers without approved private plans under section 268B.10 for either the family or medical benefit program. For employers with an approved private plan for either the medical benefit program or the family benefit program, but not both, count only the proportion of wages in covered employment associated with the program for which the employer does not have an approved private plan; and

(4) round the resulting figure down to the nearest one-hundredth of one percent.

(c) The commissioner must apportion the premium rate between the family and medical benefit programs based on the relative proportion of expenditures for each program during the preceding year.

Subd. 6. **Deposit of premiums.** All premiums collected under this section must be deposited into the account.

Subd. 7. **Nonpayment of premiums by employer.** The failure of an employer to pay premiums does not impact the right of an employee to benefits, or any other right, under this chapter.

Sec. 18. **[268B.13] COLLECTION OF PREMIUMS.**

**Subdivision 1. Amount computed presumed correct.** Any amount due from an employer, as computed by the commissioner, is presumed to be correctly determined and assessed, and the burden is upon the employer to show any error. A statement by the commissioner of the amount due is admissible in evidence in any court or administrative proceeding and is prima facie evidence of the facts in the statement.

**Subd. 2. Priority of payments.** (a) Any payment received from an employer must be applied in the following order:

(1) premiums due under this chapter; then

(2) interest on past due premiums; then

(3) penalties, late fees, administrative service fees, and costs.

(b) Paragraph (a) is the priority used for all payments received from an employer, regardless of how the employer may designate the payment to be applied, except when:

(1) there is an outstanding lien and the employer designates that the payment made should be applied to satisfy the lien;

(2) a court or administrative order directs that the payment be applied to a specific obligation;

(3) a preexisting payment plan provides for the application of payment; or

(4) the commissioner agrees to apply the payment to a different priority.

**Subd. 3. Costs.** (a) Any employer that fails to pay any amount when due under this chapter is liable for any filing fees, recording fees, sheriff fees, costs incurred by referral to any public or private collection agency, or litigation costs, including attorney fees, incurred in the collection of the amounts due.

(b) If any tendered payment of any amount due is not honored when presented to a financial institution for payment, any costs assessed to the department by the financial institution and a fee of \$25 must be assessed to the person.

(c) Costs and fees collected under this subdivision are credited to the account.

**Subd. 4. Interest on amounts past due.** If any amounts due from an employer under this chapter, except late fees, are not received on the date due, the unpaid balance bears interest at the rate of one percent per month or any part of a month. Interest collected under this subdivision is payable to the account.

**Subd. 5. Interest on judgments.** Regardless of section 549.09, if judgment is entered upon any past due amounts from an employer under this chapter, the unpaid judgment bears interest at the rate specified in subdivision 4 until the date of payment.

**Subd. 6. Credit adjustments; refunds.** (a) If an employer makes an application for a credit adjustment of any amount paid under this chapter within four years of the date that the payment was due, in a manner and format prescribed by the commissioner, and the commissioner determines that the payment or any portion thereof was

erroneous, the commissioner must make an adjustment and issue a credit without interest. If a credit cannot be used, the commissioner must refund, without interest, the amount erroneously paid. The commissioner, on the commissioner's own motion, may make a credit adjustment or refund under this subdivision.

(b) Any refund returned to the commissioner is considered unclaimed property under chapter 345.

(c) If a credit adjustment or refund is denied in whole or in part, a determination of denial must be sent to the employer by United States mail or electronic transmission. The determination of denial is final unless an employer files an appeal within 20 calendar days after receipt of the determination.

(d) If an employer receives a credit adjustment or refund under this section, the employer must determine the amount of any overpayment attributable to a deduction from employee wages under section 268B.12, subdivision 2, and return any amount erroneously deducted to each affected employee.

Subd. 7. **Priorities under legal dissolutions or distributions.** In the event of any distribution of an employer's assets according to an order of any court, including any receivership, assignment for benefit of creditors, adjudicated insolvency, or similar proceeding, premiums then or thereafter due must be paid in full before all other claims except claims for wages of not more than \$1,000 per former employee that are earned within six months of the commencement of the proceedings. In the event of an employer's adjudication in bankruptcy under federal law, premiums then or thereafter due are entitled to the priority provided in that law for taxes due.

Sec. 19. **[268B.14] ADMINISTRATIVE COSTS.**

From July 1, 2021, through December 31, 2021, the commissioner may spend up to seven percent of premiums collected under section 268B.13 for administration of this chapter. Beginning January 1, 2022, and each calendar year thereafter, the commissioner may spend up to seven percent of projected benefit payments for that calendar year for the administration of this chapter. The department may enter into interagency agreements with the Department of Labor and Industry, including agreements to transfer funds, subject to the limit in this section, for the Department of Labor and Industry to fulfill its enforcement authority of this chapter.

Sec. 20. **[268B.15] PUBLIC OUTREACH.**

Beginning in fiscal year 2022, the commissioner must use at least 0.5 percent of revenue collected under this chapter for the purpose of outreach, education, and technical assistance for employees, employers, and self-employed individuals eligible to elect coverage under section 268B.11. The department may enter into interagency agreements with the Department of Labor and Industry, including agreements to transfer funds, subject to the limit in section 268B.14, to accomplish the requirements of this section. At least one-half of the amount spent under this section must be used for grants to community-based groups.

Sec. 21. **[268B.16] APPLICANT'S FALSE REPRESENTATIONS; CONCEALMENT OF FACTS; PENALTY.**

(a) Any applicant who knowingly makes a false statement or representation, knowingly fails to disclose a material fact, or makes a false statement or representation without a good-faith belief as to the correctness of the statement or representation in order to obtain or in an attempt to obtain benefits may be assessed, in addition to any other penalties, an administrative penalty of ineligibility of benefits for 13 to 104 weeks.

(b) A determination of ineligibility setting out the weeks the applicant is ineligible must be sent to the applicant by United States mail or electronic transmission. The determination is final unless an appeal is filed within 30 calendar days after receipt of the determination.

Sec. 22. **[268B.17] EMPLOYER MISCONDUCT; PENALTY.**

(a) The commissioner must penalize an employer if that employer or any employee, officer, or agent of that employer is in collusion with any applicant for the purpose of assisting the applicant in receiving benefits fraudulently. The penalty is \$500 or the amount of benefits determined to be overpaid, whichever is greater.

(b) The commissioner must penalize an employer if that employer or any employee, officer, or agent of that employer:

(1) made a false statement or representation knowing it to be false;

(2) made a false statement or representation without a good-faith belief as to the correctness of the statement or representation; or

(3) knowingly failed to disclose a material fact.

(c) The penalty is the greater of \$500 or 50 percent of the following resulting from the employer's action:

(1) the amount of any overpaid benefits to an applicant;

(2) the amount of benefits not paid to an applicant that would otherwise have been paid; or

(3) the amount of any payment required from the employer under this chapter that was not paid.

(d) Penalties must be paid within 30 calendar days of issuance of the determination of penalty and credited to the account.

(e) The determination of penalty is final unless the employer files an appeal within 30 calendar days after the sending of the determination of penalty to the employer by United States mail or electronic transmission.

Sec. 23. **[268B.18] RECORDS; AUDITS.**

(a) Each employer must keep true and accurate records on individuals performing services for the employer, containing the information the commissioner may require under this chapter. The records must be kept for a period of not less than four years in addition to the current calendar year.

(b) For the purpose of administering this chapter, the commissioner has the power to investigate, audit, examine, or cause to be supplied or copied, any books, correspondence, papers, records, or memoranda that are the property of, or in the possession of, an employer or any other person at any reasonable time and as often as may be necessary.

(c) An employer or other person that refuses to allow an audit of its records by the department or that fails to make all necessary records available for audit in the state upon request of the commissioner may be assessed an administrative penalty of \$500. The penalty collected is credited to the account.

Sec. 24. **[268B.19] SUBPOENAS; OATHS.**

(a) The commissioner or benefit judge has authority to administer oaths and affirmations, take depositions, certify to official acts, and issue subpoenas to compel the attendance of individuals and the production of documents and other personal property necessary in connection with the administration of this chapter.

(b) Individuals subpoenaed, other than applicants or officers and employees of an employer that is the subject of the inquiry, must be paid witness fees the same as witness fees in civil actions in district court. The fees need not be paid in advance.

(c) The subpoena is enforceable through the district court in Ramsey County.

Sec. 25. **[268B.20] CONCILIATION SERVICES.**

The Department of Labor and Industry may offer conciliation services to employers and employees to resolve disputes concerning alleged violations of employment protections identified in section 268B.09.

Sec. 26. **[268B.21] ANNUAL REPORTS.**

(a) Annually, beginning on or before December 1, 2021, the commissioner must report to the Department of Management and Budget and the house of representatives and senate committee chairs with jurisdiction over this chapter on program administrative expenditures and revenue collection for the prior fiscal year, including but not limited to:

(1) total revenue raised through premium collection;

(2) the number of self-employed individuals or independent contractors electing coverage under section 268B.11 and amount of associated revenue;

(3) the number of covered business entities paying premiums under this chapter and associated revenue;

(4) administrative expenditures including transfers to other state agencies expended in the administration of the chapter;

(5) summary of contracted services expended in the administration of this chapter;

(6) grant amounts and recipients under section 268B.15;

(7) an accounting of required outreach expenditures;

(8) summary of private plan approvals including the number of employers and employees covered under private plans; and

(9) adequacy and use of the private plan approval and oversight fee.

(b) Annually, beginning on or before December 1, 2022, the commissioner must publish a publicly available report providing the following information for the previous fiscal year:

(1) total eligible claims;

(2) the number and percentage of claims attributable to each category of benefit;

(3) claimant demographics by age, gender, average weekly wage, occupation, and the type of leave taken;

(4) the percentage of claims denied and the reasons therefor, including, but not limited to insufficient information and ineligibility and the reason therefor;

- (5) average weekly benefit amount paid for all claims and by category of benefit;
- (6) changes in the benefits paid compared to previous fiscal years;
- (7) processing times for initial claims processing, initial determinations, and final decisions;
- (8) average duration for cases completed; and
- (9) the number of cases remaining open at the close of such year.

Sec. 27. **[268B.22] NOTICE REQUIREMENTS.**

(a) Each employer must post in a conspicuous place on each of its premises a workplace notice prepared or approved by the commissioner providing notice of benefits available under this chapter. The required workplace notice must be in English and each language other than English which is the primary language of five or more employees or independent contractors of that workplace, if such notice is available from the department.

(b) Each employer must issue to each employee not more than 30 days from the beginning date of the employee's employment, or 30 days before premium collection begins, which ever is later, the following written information provided or approved by the department in the primary language of the employee:

(1) an explanation of the availability of family and medical leave benefits provided under this chapter, including rights to reinstatement and continuation of health insurance;

(2) the amount of premium deductions made by the employer under this chapter;

(3) the employer's premium amount and obligations under this chapter;

(4) the name and mailing address of the employer;

(5) the identification number assigned to the employer by the department;

(6) instructions on how to file a claim for family and medical leave benefits;

(7) the mailing address, e-mail address, and telephone number of the department; and

(8) any other information required by the department.

Delivery is made when an employee provides written acknowledgment of receipt of the information, or signs a statement indicating the employee's refusal to sign such acknowledgment.

(c) Each employer shall provide to each independent contractor with whom it contracts, at the time such contract is made or, for existing contracts, within 30 days of the effective date of this section, the following written information provided or approved by the department in the self-employed individual's primary language:

(1) the address and telephone number of the department; and

(2) any other information required by the department.



(d) An employer that fails to comply with this subsection may be issued, for a first violation, a civil penalty of \$50 per employee and per independent contractor with whom it has contracted, and for each subsequent violation, a civil penalty of \$300 per employee or self-employed individual with whom it has contracted. The employer shall have the burden of demonstrating compliance with this section.

(e) Employer notice to an employee under this section may be provided in paper or electronic format. For notice provided in electronic format only, the employer must provide employee access to an employer-owner computer during an employee's regular working hours to review and print required notices.

Sec. 28. **[268B.23] RELATIONSHIP TO OTHER LEAVE; CONSTRUCTION.**

Subdivision 1. **Concurrent leave.** An employer may require leave taken under this chapter to run concurrently with leave taken for the same purpose under section 181.941 or the Family and Medical Leave Act, United States Code, title 29, sections 2601 to 2654, as amended.

Subd. 2. **Construction.** Nothing in this chapter shall be construed to:

(1) allow an employer to compel an employee to exhaust accumulated sick, vacation, or personal time before or while taking leave under this chapter;

(2) prohibit an employer from providing additional benefits, including, but not limited to, covering the portion of earnings not provided under this chapter during periods of leave covered under this chapter; or

(3) limit the parties to a collective bargaining agreement from bargaining and agreeing with respect to leave benefits and related procedures and employee protections that meet or exceed, and do not otherwise conflict with, the minimum standards and requirements in this chapter.

Sec. 29. **[268B.24] SMALL BUSINESS ASSISTANCE GRANTS.**

(a) Employers with 50 or fewer employees may apply to the department for grants under this section.

(b) The commissioner may approve a grant of up to \$3,000 if the employer hires a temporary worker to replace an employee on family or medical leave for a period of seven days or more.

(c) For an employee's family or medical leave, the commissioner may approve a grant of up to \$1,000 as reimbursement for significant additional wage-related costs due to the employee's leave.

(d) To be eligible for consideration for a grant under this section, the employer must provide the department written documentation showing the temporary worker hired or significant wage-related costs incurred are due to an employee's use of leave under this chapter.

(e) The grants under this section may be funded from the account.

(f) For the purposes of this section, the commissioner shall average the number of employees reported by an employer over the last four completed calendar quarters to determine the size of the employer.

(g) An employer who has an approved private plan is not eligible to receive a grant under this section.

(h) The commissioner may award grants under this section only up to a maximum of \$5,000,000 per calendar year.

Sec. 30. Minnesota Statutes 2018, section 290.0132, is amended by adding a subdivision to read:

Subd. 23. **Benefits under chapter 268B.** The amount received in benefits under chapter 268B is a subtraction.

Sec. 31. **EFFECTIVE DATES.**

(a) Benefits under Minnesota Statutes, chapter 268B, shall not be applied for or paid until January 1, 2022, and thereafter.

(b) Sections 1, 2, 4, 5, and 6 are effective July 1, 2019.

(c) Section 15 is effective July 1, 2020.

(d) Sections 3, 17, 18, 22, 23, 24, and 26 are effective January 1, 2021.

(e) Sections 19 and 20 are effective July 1, 2021.

(f) Sections 7, 8, 9, 10, 11, 12, 13, 14, 16, 21, 25, 27, 28, 29, and 30 are effective January 1, 2022.

### ARTICLE 3 FAMILY AND MEDICAL LEAVE BENEFIT AS EARNINGS

Section 1. Minnesota Statutes 2018, section 256J.561, is amended by adding a subdivision to read:

Subd. 4. **Parents receiving family and medical leave benefits.** A parent who meets the criteria under subdivision 2 and who receives benefits under chapter 268B is not required to participate in employment services.

Sec. 2. Minnesota Statutes 2018, section 256J.95, subdivision 3, is amended to read:

Subd. 3. **Eligibility for diversionary work program.** (a) Except for the categories of family units listed in clauses (1) to (8), all family units who apply for cash benefits and who meet MFIP eligibility as required in sections 256J.11 to 256J.15 are eligible and must participate in the diversionary work program. Family units or individuals that are not eligible for the diversionary work program include:

(1) child only cases;

(2) single-parent family units that include a child under 12 months of age. A parent is eligible for this exception once in a parent's lifetime;

(3) family units with a minor parent without a high school diploma or its equivalent;

(4) family units with an 18- or 19-year-old caregiver without a high school diploma or its equivalent who chooses to have an employment plan with an education option;

(5) family units with a caregiver who received DWP benefits within the 12 months prior to the month the family applied for DWP, except as provided in paragraph (c);

(6) family units with a caregiver who received MFIP within the 12 months prior to the month the family applied for DWP;

(7) family units with a caregiver who received 60 or more months of TANF assistance; ~~and~~

(8) family units with a caregiver who is disqualified from the work participation cash benefit program, DWP, or MFIP due to fraud; and

(9) single-parent family units where a parent is receiving family and medical leave benefits under chapter 268B.

(b) A two-parent family must participate in DWP unless both caregivers meet the criteria for an exception under paragraph (a), clauses (1) through (5), or the family unit includes a parent who meets the criteria in paragraph (a), clause (6), (7), or (8).

(c) Once DWP eligibility is determined, the four months run consecutively. If a participant leaves the program for any reason and reapplies during the four-month period, the county must redetermine eligibility for DWP.

Sec. 3. Minnesota Statutes 2018, section 256J.95, subdivision 11, is amended to read:

Subd. 11. **Universal participation required.** (a) All DWP caregivers, except caregivers who meet the criteria in paragraph (d), are required to participate in DWP employment services. Except as specified in paragraphs (b) and (c), employment plans under DWP must, at a minimum, meet the requirements in section 256J.55, subdivision 1.

(b) A caregiver who is a member of a two-parent family that is required to participate in DWP who would otherwise be ineligible for DWP under subdivision 3 may be allowed to develop an employment plan under section 256J.521, subdivision 2, that may contain alternate activities and reduced hours.

(c) A participant who is a victim of family violence shall be allowed to develop an employment plan under section 256J.521, subdivision 3. A claim of family violence must be documented by the applicant or participant by providing a sworn statement which is supported by collateral documentation in section 256J.545, paragraph (b).

(d) One parent in a two-parent family unit ~~that has a natural born child under 12 months of age~~ is not required to have an employment plan ~~until the child reaches 12 months of age unless the family unit has already used the exclusion under section 256J.561, subdivision 3, or the previously allowed child under age one exemption under section 256J.56, paragraph (a), clause (5).~~ if that parent:

(1) receives family and medical leave benefits under chapter 268B; or

(2) has a natural born child under 12 months of age until the child reaches 12 months of age unless the family unit has already used the exclusion under section 256J.561, subdivision 3, or the previously allowed child under age one exemption under section 256J.56, paragraph (a), clause (5).

(e) The provision in paragraph (d) ends the first full month after the child reaches 12 months of age. This provision is allowable only once in a caregiver's lifetime. In a two-parent household, only one parent shall be allowed to use this category.

(f) The participant and job counselor must meet in the month after the month the child reaches 12 months of age to revise the participant's employment plan. The employment plan for a family unit that has a child under 12 months of age that has already used the exclusion in section 256J.561 must be tailored to recognize the caregiving needs of the parent.

Sec. 4. Minnesota Statutes 2018, section 256P.01, subdivision 3, is amended to read:

Subd. 3. **Earned income.** "Earned income" means cash or in-kind income earned through the receipt of wages, salary, commissions, bonuses, tips, gratuities, profit from employment activities, net profit from self-employment activities, payments made by an employer for regularly accrued vacation or sick leave, severance pay based on

accrued leave time, benefits paid under chapter 268B, payments from training programs at a rate at or greater than the state's minimum wage, royalties, honoraria, or other profit from activity that results from the client's work, service, effort, or labor. The income must be in return for, or as a result of, legal activity.

Sec. 5. **EFFECTIVE DATES.**

Sections 1 to 4 are effective January 1, 2022.

ARTICLE 4  
ECONOMIC DEVELOPMENT POLICY

Section 1. **[116J.545] GETTING TO WORK GRANT PROGRAM.**

Subdivision 1. **Creation.** The commissioner of employment and economic development shall make grants to nonprofit organizations to establish and operate programs under this section that provide, repair, or maintain motor vehicles to assist eligible individuals in obtaining or maintaining employment. All grants shall be for two years.

Subd. 2. **Qualified grantee.** A grantee must:

(1) qualify under section 501(c)(3) of the Internal Revenue Code; and

(2) at the time of application, offer or have the demonstrated capacity to offer a motor vehicle program that provides the services required under subdivision 3.

Subd. 3. **Program requirements.** (a) A program must offer one or more of the following services:

(1) provision of new or used motor vehicles by gift, sale, or lease;

(2) motor vehicle repair and maintenance services; or

(3) motor vehicle loans.

(b) In addition to the requirements of paragraph (a), a program must offer one or more of the following services:

(1) financial literacy education;

(2) education on budgeting for vehicle ownership;

(3) car maintenance and repair instruction;

(4) credit counseling; or

(5) job training related to motor vehicle maintenance and repair.

Subd. 4. **Application.** An application for a grant must be on a form provided by the commissioner and on a schedule set by the commissioner. An application must, in addition to any other information required by the commissioner, include the following:

(1) a detailed description of all services to be offered;

(2) the area to be served;

(3) the estimated number of program participants to be served by the grant; and

(4) a plan for leveraging resources from partners that may include but are not limited to:

(i) automobile dealers;

(ii) automobile parts dealers;

(iii) independent local mechanics and automobile repair facilities;

(iv) banks and credit unions;

(v) employers;

(vi) employment and training agencies;

(vii) insurance companies and agents;

(viii) local workforce centers; and

(ix) educational institutions including vocational institutions and jobs or skills training programs.

**Subd. 5. Participant eligibility.** (a) To be eligible to receive program services, a person must:

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

(2) be at least 18 years of age;

(3) have a valid driver's license;

(4) provide the grantee with proof of motor vehicle insurance; and

(5) demonstrate to the grantee that a motor vehicle is required by the person to obtain or maintain employment.

(b) This subdivision does not preclude a grantee from imposing additional requirements consistent with paragraph (a) for the receipt of program services.

**Subd. 6. Report to legislature.** By February 15, 2021, and each January 15 in an odd-numbered year thereafter, the commissioner shall submit a report to the chairs of the house of representatives and senate committees with jurisdiction over workforce and economic development on program outcomes. At a minimum, the report must include:

(1) the total number of program participants;

(2) the number of program participants who received each of the following:

(i) provision of a motor vehicle;

(ii) motor vehicle repair services; and

(iii) motor vehicle loans;

(3) the number of program participants who report that they or their children were able to increase their participation in community activities such as after-school programs, other youth programs, church or civic groups, or library services as a result of participation in the program; and

(4) an analysis of the impact of the getting to work grant program on the employment rate and wages of program participants.

Sec. 2. Minnesota Statutes 2018, section 116J.8731, subdivision 5, is amended to read:

Subd. 5. **Grant limits.** A Minnesota investment fund grant may not be approved for an amount in excess of \$1,000,000, except that a grant of up to \$2,000,000 is allowable for projects that have at least \$25,000,000 in capital investment and 150 new employees. This limit covers all money paid to complete the same project, whether paid to one or more grant recipients and whether paid in one or more fiscal years. A local community or recognized Indian tribal government may retain 40 percent, but not more than \$100,000, of a Minnesota investment fund grant when it is repaid to the local community or recognized Indian tribal government by the person or entity to which it was loaned by the local community or Indian tribal government. Money repaid to the state must be credited to a Minnesota investment revolving loan account in the state treasury. Funds in the account are appropriated to the commissioner and must be used in the same manner as are funds appropriated to the Minnesota investment fund. Funds repaid to the state through existing Minnesota investment fund agreements must be credited to the Minnesota investment revolving loan account effective July 1, 2005. A grant or loan may not be made to a person or entity for the operation or expansion of a casino or a store which is used solely or principally for retail sales. Persons or entities receiving grants or loans must pay each employee total compensation, including benefits not mandated by law, that on an annualized basis is equal to at least ~~40~~ 125 percent of the federal poverty level for a family of four.

Sec. 3. Minnesota Statutes 2018, section 116J.8748, subdivision 4, is amended to read:

Subd. 4. **Certification; benefits.** (a) The commissioner may certify a Minnesota job creation fund business as eligible to receive a specific value of benefit under paragraphs (b) and (c) when the business has achieved its job creation and capital investment goals noted in its agreement under subdivision 3.

(b) A qualified Minnesota job creation fund business may be certified eligible for the benefits in this paragraph for up to five years for projects located in the metropolitan area as defined in section 200.02, subdivision 24, and seven years for projects located outside the metropolitan area, as determined by the commissioner when considering the best interests of the state and local area. Notwithstanding section 16B.98, subdivision 5, paragraph (a), clause (3), or 16B.98, subdivision 5, paragraph (b), grant agreements for projects located outside the metropolitan area may be for up to seven years in length. The eligibility for the following benefits begins the date the commissioner certifies the business as a qualified Minnesota job creation fund business under this subdivision:

(1) up to five percent rebate for projects located in the metropolitan area as defined in section 200.02, subdivision 24, and 7.5 percent for projects located outside the metropolitan area, on capital investment on qualifying purchases as provided in subdivision 5 with the total rebate for a project not to exceed \$500,000;

(2) an award of up to \$500,000 based on full-time job creation and wages paid as provided in subdivision 6 with the total award not to exceed \$500,000;

(3) up to \$1,000,000 in capital investment rebates and \$1,000,000 in job creation awards are allowable for projects that have at least \$25,000,000 in capital investment and 200 new employees in the metropolitan area as defined in section 200.02, subdivision 24, and 75 new employees for projects located outside the metropolitan area;

(4) up to \$1,000,000 in capital investment rebates are allowable for projects that have at least \$25,000,000 in capital investment and 200 retained employees for projects located in the metropolitan area as defined in section 200.02, subdivision 24, and 75 employees for projects located outside the metropolitan area; and

(5) for clauses (3) and (4) only, the capital investment expenditure requirements may include the installation and purchases of machinery and equipment. These expenditures are not eligible for the capital investment rebate provided under subdivision 5.

(c) The job creation award may be provided in multiple years as long as the qualified Minnesota job creation fund business continues to meet the job creation goals provided for in its agreement under subdivision 3 and the total award does not exceed \$500,000 except as provided under paragraph (b), clauses (3) and (4).

(d) No rebates or award may be provided until the Minnesota job creation fund business or a third party constructing or managing the project has at least \$500,000 in capital investment in the project and at least ten full-time jobs have been created and maintained for at least one year or the retained employees, as provided in paragraph (b), clause (4), remain for at least one year. The agreement may require additional performance outcomes that need to be achieved before rebates and awards are provided. If fewer retained jobs are maintained, but still above the minimum under this subdivision, the capital investment award shall be reduced on a proportionate basis.

(e) The forms needed to be submitted to document performance by the Minnesota job creation fund business must be in the form and be made under the procedures specified by the commissioner. The forms shall include documentation and certification by the business that it is in compliance with the business subsidy agreement, sections 116J.871 and 116L.66, and other provisions as specified by the commissioner.

(f) Minnesota job creation fund businesses must pay each new full-time employee added pursuant to the agreement total compensation, including benefits not mandated by law, that on an annualized basis is equal to at least ~~44~~ 125 percent of the federal poverty level for a family of four.

(g) A Minnesota job creation fund business must demonstrate reasonable progress on capital investment expenditures within six months following designation as a Minnesota job creation fund business to ensure that the capital investment goal in the agreement under subdivision 1 will be met. Businesses not making reasonable progress will not be eligible for benefits under the submitted application and will need to work with the local government unit to resubmit a new application and request to be a Minnesota job creation fund business. Notwithstanding the goals noted in its agreement under subdivision 1, this action shall not be considered a default of the business subsidy agreement.

Sec. 4. Minnesota Statutes 2018, section 116J.8748, subdivision 6, is amended to read:

Subd. 6. **Job creation award.** (a) A qualified Minnesota job creation fund business is eligible for an annual award for each new job created and maintained by the business using the following schedule: \$1,000 for each job position paying annual wages at least ~~\$26,000~~ \$32,188 but less than ~~\$35,000~~ no more than \$37,707; \$2,000 for each job position paying at least ~~\$35,000~~ more than \$37,707 but less than ~~\$45,000~~ no more than \$47,965; and \$3,000 for each job position paying at least ~~\$45,000~~ more than \$47,965; and as noted in the goals under the agreement provided under subdivision 1. These awards are increased by \$1,000 if the business is located outside the metropolitan area as defined in section 200.02, subdivision 24, or if 51 percent of the business is cumulatively owned by minorities, veterans, women, or persons with a disability.

(b) The job creation award schedule must be adjusted annually using the percentage increase in the federal poverty level for a family of four.

(c) Minnesota job creation fund businesses seeking an award credit provided under subdivision 4 must submit forms and applications to the Department of Employment and Economic Development as prescribed by the commissioner.

Sec. 5. **[116L.25] PATHWAYS TO PROSPERITY GRANT PROGRAM.**

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

(b) "Career pathway" means a career-readiness program, connected to a specific industry sector, that combines basic skills training, education, and support services and results in either industry-specific training or an employer-recognized credential.

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

(d) "Pathways to prosperity grant program" or "grant program" means the competitive grant program created in this section.

Subd. 2. Establishment. The commissioner shall establish a pathways to prosperity grant program to award grants to organizations to train adults facing the greatest employment disparities and to assist them in finding employment in high-demand occupations with long-term employment opportunities.

Subd. 3. Grant process. (a) The commissioner shall award grants to organizations through a competitive grant process.

(b) The commissioner shall develop grant-making criteria for the grant program. These criteria shall include guidelines for multiple types of career pathways. These criteria shall also consider a program's alignment with the labor market in the community where the program operates and, where applicable, a program's previous grant performance. At least once every biennium, the commissioner shall consult with workforce development service providers on program criteria and administration.

(c) All reporting requirements for grant recipients shall be outlined in plain language in both the request for proposal and the grant contract.

(d) The commissioner shall provide applicants with technical assistance with understanding application procedures and program guidelines.

Sec. 6. **[116L.35] INVENTORY OF WORKFORCE DEVELOPMENT PROGRAMS.**

(a) By January 15, 2020, and by January 15 of each even-numbered year thereafter, the commissioner of employment and economic development must submit a report to the chairs of the legislative committees with jurisdiction over workforce development that provides an inventory of all workforce development programs either provided by or overseen by any branch of the state of Minnesota.

(b) Programs related to workforce development that must be included in the report include those that:

(1) are federally funded or state funded;

(2) provide assistance to either businesses or individuals; or

(3) support internships, apprenticeships, career and technical education, or any form of employment training.



(c) For each workforce development program, the report must include, at a minimum, the following information:

(1) details of program costs;

(2) the number of staff, both within the department and any outside organization;

(3) the number of program participants;

(4) a short description of what each program does;

(5) to the extent practical, quantifiable measures of program success;

(6) any data necessary to describe the work of the program;

(7) any data necessary to describe or evaluate the success of the program; and

(8) a plan for how the program can best measure its success in a manner useful and understandable to those responsible for funding the program in the future.

Sec. 7. **[116L.43] METROPOLITAN JOB TRAINING GRANTS.**

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

(b) "Agreement" means the agreement between an employer and the commissioner for a project.

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

(d) "Disability" has the meaning given under United States Code, title 42, chapter 126.

(e) "Employee" means the individual employed in a new job.

(f) "Employer" means the individual, corporation, partnership, limited liability company, or association providing new jobs and entering into an agreement.

(g) "New job" means a job:

(1) that is provided by a new or expanding business in the manufacturing or technology industry;

(2) that is located within the metropolitan area, as defined under section 473.121, subdivision 2;

(3) that provides at least 32 hours of work per week for a minimum of nine months per year and is permanent with no planned termination date;

(4) that is certified by the commissioner as qualifying under the program before the first employee is hired to fill the job; and

(5) for which an employee hired was not:

(i) formerly employed by the employer in the state; or

(ii) a replacement worker, including a worker newly hired as a result of a labor dispute.

(h) "Program" means the project or projects established under this section.

(i) "Program costs" means all necessary and incidental costs of providing program services, except that program costs are increased by \$1,000 per employee for an individual with a disability. The term does not include the cost of purchasing equipment to be owned or used by the training or educational institution or service.

(j) "Program services" means training and education specifically directed to new jobs that are determined to be appropriate by the commissioner, including in-house training; services provided by institutions of higher education and federal, state, or local agencies; or private training or educational services. Administrative services and assessment and testing costs are included.

(k) "Project" means a training arrangement that is the subject of an agreement entered into between the commissioner and an employer to provide program services.

Subd. 2. **Service provision.** Upon request, the commissioner shall provide or coordinate the provision of program services under this section to a business eligible for grants under subdivision 8. The commissioner shall specify the form of and required information to be provided with applications for projects to be funded with grants under this section.

Subd. 3. **Agreements; required terms.** (a) The commissioner may enter into an agreement to establish a project with an employer that:

(1) identifies program costs to be paid from sources under the program;

(2) identifies program costs to be paid by the employer;

(3) provides that on-the-job training costs for employees may not exceed 50 percent of the annual gross wages and salaries of the new jobs in the first full year after execution of the agreement up to a maximum of \$10,000 per eligible employee;

(4) provides that each employee must be paid wages at least equal to the median hourly wage for the county in which the job is located, as reported in the most recently available data from the United States Bureau of the Census, plus benefits, by the earlier of the end of the training period or 18 months of employment under the project; and

(5) provides that job training will be provided and the length of time of training.

(b) Before entering into a final agreement, the commissioner shall:

(1) determine that sufficient funds for the project are available under subdivision 8; and

(2) investigate the applicability of other training programs and determine whether the job skills partnership grant program is a more suitable source of funding for the training and whether the training can be completed in a timely manner that meets the needs of the business.

The investigation under clause (2) must be completed within 15 days or as soon as reasonably possible after the employer has provided the commissioner with all the requested information.

Subd. 4. **Grant funds sufficient.** The commissioner must not enter into an agreement under subdivision 3 unless the commissioner determines that sufficient funds are available.

Subd. 5. **Grant limit.** The maximum grant amount for a project is \$400,000.

Subd. 6. **Allocation.** The commissioner shall allocate grant funds under subdivision 8 to project applications based on a first-come, first-served basis, determined on the basis of the commissioner's receipt of a complete application for the project, including the provision of all of the required information. The agreement must specify the amount of grant funds available to the employer for each year covered by the agreement.

Subd. 7. **Application fee.** The commissioner may charge each employer an application fee to cover part or all of the administrative and legal costs incurred, not to exceed \$500 per employer. The fee is deemed approved under section 16A.1283. The fee is deposited in the metropolitan jobs training account in the special revenue fund and amounts in the account are appropriated to the commissioner for the costs of administering the program. The commissioner shall refund the fee to the employer if the application is denied because program funding is unavailable.

Subd. 8. **Grants; recovery of program costs.** Amounts paid by employers for program costs are repaid by a metropolitan job training grant equal to the lesser of the following:

- (1) the amount of program costs specified in the agreement for the project; or
- (2) the amount of program costs paid by the employer for new employees under a project.

Subd. 9. **Reports.** (a) By February 1, 2022, and each February 1 thereafter, the commissioner shall report to the governor and the legislature on the program. The report must include at least:

- (1) the amount of grants issued under the program;
  - (2) the number of individuals receiving training under the program, including the number of new hires who are individuals with disabilities;
  - (3) the number of new hires attributable to the program, including the number of new hires who are individuals with disabilities;
  - (4) an analysis of the effectiveness of the grant in encouraging employment; and
  - (5) any other information the commissioner determines appropriate.
- (b) The report to the legislature must be distributed as provided in section 3.195.

**Sec. 8. [116L.9761] MINNESOTA CALL CENTER JOBS ACT.**

Sections 116L.9762 to 116L.9766 shall be known as the "Minnesota Call Center Jobs Act."

**EFFECTIVE DATE.** This section is effective 180 days after final enactment

**Sec. 9. [116L.9762] DEFINITIONS.**

Subdivision 1. **Application.** For the purposes of sections 116L.9762 to 116L.9766, the terms defined in this section have the meanings given them.

Subd. 2. **Agency.** "Agency" means a state department under section 15.01.

Subd. 3. **Business entity.** "Business entity" means any organization, corporation, trust, partnership, sole proprietorship, unincorporated association, or venture established to make a profit, in whole or in part, by purposefully availing itself of the privilege of conducting commerce in Minnesota.

Subd. 4. **Call center.** "Call center" means a facility or other operation with employees who receive incoming telephone calls, e-mail, or other electronic communications for the purpose of providing customer assistance or other service.

Subd. 5. **Commissioner.** "Commissioner" means the commissioner of employment and economic development.

Subd. 6. **Employer.** "Employer" means a business enterprise that employs, for the purpose of customer service or back-office operations:

(1) 50 or more employees, excluding part-time employees; or

(2) 50 or more employees who, in the aggregate, work at least 1,500 hours per week, exclusive of hours of overtime.

Subd. 7. **Part-time employee.** "Part-time employee" means an employee who is employed for an average of fewer than 20 hours per week or who has been employed for fewer than six of the 12 months preceding the date on which notice is required under section 116L.9763.

Subd. 8. **Relocating; relocation.** "Relocating" or "relocation" means the closure of a call center, the cessation of operations of a call center, or one or more facilities or operating units within a call center comprising at least 30 percent of the call center's or operating unit's total volume when measured against the previous 12-month average call volume of operations or substantially similar operations, to a location outside of the United States.

**EFFECTIVE DATE.** This section is effective 180 days after final enactment

Sec. 10. **[116L.9763] CALL CENTER RELOCATIONS.**

(a) An employer must notify the commissioner if it intends to relocate from Minnesota to a foreign country either of the following:

(1) a call center; or

(2) one or more facilities or operating units within a call center that comprise at least 30 percent of the call center's or operating unit's total volume when measured against the previous 12-month average call volume of operations or substantially similar operations.

(b) The notification required under paragraph (a) must be given at least 120 days before the relocation is to occur.

(c) An employer that violates paragraph (a) is subject to a civil penalty not to exceed \$10,000 for each day of the violation, except that the commissioner may reduce the amount for just cause shown.

(d) The commissioner shall compile a semiannual list of all employers that relocate a call center, or one or more facilities or operating units within a call center comprising at least 30 percent of the call center's total volume of operations, from the United States to a foreign country, and distribute the list to all agencies.

**EFFECTIVE DATE.** This section is effective 180 days after final enactment

Sec. 11. **[116L.9764] GRANTS; LOANS; SUBSIDIES.**

(a) Except as provided in paragraph (b) and notwithstanding any other provision of law, an employer that appears on the list prepared under section 116L.9763 shall be ineligible for any direct or indirect state grants or state guaranteed loans for five years after the date the employer is placed on the list.

(b) Except as provided in paragraph (c) and notwithstanding any other provision of law, an employer that appears on the list prepared under section 116L.9763 shall remit to the commissioner of management and budget the unamortized value of any grants, guaranteed loans, tax benefits, or other governmental support it has previously received.

(c) The commissioner of management and budget, in consultation with the commissioner of the agency providing or administering the public subsidy, may waive the ineligibility requirement under paragraph (a) if the employer applying for the loan or grant demonstrates that not having the loan or grant would threaten national security, result in substantial job loss in Minnesota, or harm the environment.

**EFFECTIVE DATE.** This section is effective 180 days after final enactment

Sec. 12. **[116L.9765] PROCUREMENT.**

The commissioner of each agency shall ensure that all state business related call center and customer service work be performed by state contractors or their agents or subcontractors entirely within Minnesota. State contractors who currently perform work outside Minnesota shall have two years following the effective date of this act to comply with this section. Any new call center or customer service employees hired by the contractor during the compliance period under this section must be employed in Minnesota.

**EFFECTIVE DATE.** This section is effective 180 days after final enactment

Sec. 13. **[116L.9766] EMPLOYEE BENEFITS.**

Nothing in sections 116L.9762 to 116L.9766 shall be construed to permit the withholding or denial of payments, compensation, or benefits under any other state law, including state unemployment compensation, disability payments, or worker retraining or readjustment funds, to employees of employers that relocate to a foreign country.

**EFFECTIVE DATE.** This section is effective 180 days after final enactment

Sec. 14. Laws 2017, chapter 94, article 1, section 2, subdivision 3, is amended to read:

Subd. 3. <b>Workforce Development</b>	\$31,498,000	\$30,231,000
Appropriations by Fund		
General	\$6,239,000	\$5,889,000
Workforce Development	\$25,259,000	\$24,342,000

(a) \$500,000 each year is for the youth-at-work competitive grant program under Minnesota Statutes, section 116L.562. Of this amount, up to five percent is for administration and monitoring of the youth workforce development competitive grant program. All

grant awards shall be for two consecutive years. Grants shall be awarded in the first year. In fiscal year 2020 and beyond, the base amount is \$750,000.

(b) \$250,000 each year is for pilot programs in the workforce service areas to combine career and higher education advising.

(c) \$500,000 each year is for rural career counseling coordinator positions in the workforce service areas and for the purposes specified in Minnesota Statutes, section 116L.667. The commissioner of employment and economic development, in consultation with local workforce investment boards and local elected officials in each of the service areas receiving funds, shall develop a method of distributing funds to provide equitable services across workforce service areas.

(d) \$1,000,000 each year is for a grant to the Construction Careers Foundation for the construction career pathway initiative to provide year-round educational and experiential learning opportunities for teens and young adults under the age of 21 that lead to careers in the construction industry. This is a onetime appropriation. Grant funds must be used to:

(1) increase construction industry exposure activities for middle school and high school youth, parents, and counselors to reach a more diverse demographic and broader statewide audience. This requirement includes, but is not limited to, an expansion of programs to provide experience in different crafts to youth and young adults throughout the state;

(2) increase the number of high schools in Minnesota offering construction classes during the academic year that utilize a multicraft curriculum;

(3) increase the number of summer internship opportunities;

(4) enhance activities to support graduating seniors in their efforts to obtain employment in the construction industry;

(5) increase the number of young adults employed in the construction industry and ensure that they reflect Minnesota's diverse workforce; and

(6) enhance an industrywide marketing campaign targeted to youth and young adults about the depth and breadth of careers within the construction industry.

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

(e) \$1,539,000 each year from the general fund and \$4,604,000 each year from the workforce development fund are for the Pathways to Prosperity adult workforce development competitive grant program. Of this amount, up to four percent is for administration and monitoring of the program. When awarding grants under this paragraph, the commissioner of employment and economic development may give preference to any previous grantee with demonstrated success in job training and placement for hard-to-train individuals. In fiscal year 2020 and beyond, the general fund base amount for this program is \$4,039,000.

(f) \$750,000 each year is for a competitive grant program to provide grants to organizations that provide support services for individuals, such as job training, employment preparation, internships, job assistance to fathers, financial literacy, academic and behavioral interventions for low-performing students, and youth intervention. Grants made under this section must focus on low-income communities, young adults from families with a history of intergenerational poverty, and communities of color. Of this amount, up to four percent is for administration and monitoring of the program. In fiscal year 2020 and beyond, the base amount is \$1,000,000.

(g) \$500,000 each year is for the women and high-wage, high-demand, nontraditional jobs grant program under Minnesota Statutes, section 116L.99. Of this amount, up to five percent is for administration and monitoring of the program. In fiscal year 2020 and beyond, the base amount is \$750,000.

(h) \$500,000 each year is for a competitive grant program for grants to organizations providing services to relieve economic disparities in the Southeast Asian community through workforce recruitment, development, job creation, assistance of smaller organizations to increase capacity, and outreach. Of this amount, up to five percent is for administration and monitoring of the program. In fiscal year 2020 and beyond, the base amount is \$1,000,000.

(i) \$250,000 each year is for a grant to the American Indian Opportunities and Industrialization Center, in collaboration with the Northwest Indian Community Development Center, to reduce academic disparities for American Indian students and adults. This is a onetime appropriation. The grant funds may be used to provide:

- (1) student tutoring and testing support services;
- (2) training in information technology;
- (3) assistance in obtaining a GED;

(4) remedial training leading to enrollment in a postsecondary higher education institution;

(5) real-time work experience in information technology fields; and

(6) contextualized adult basic education.

After notification to the legislature, the commissioner may transfer this appropriation to the commissioner of education.

(j) \$100,000 each year is for the getting to work grant program. This is a onetime appropriation and is available until June 30, 2021.

(k) \$525,000 each year is from the workforce development fund for a grant to the YWCA of Minneapolis to provide economically challenged individuals the job skills training, career counseling, and job placement assistance necessary to secure a child development associate credential and to have a career path in early childhood education. This is a onetime appropriation.

(l) \$1,350,000 each year is from the workforce development fund for a grant to the Minnesota High Tech Association to support SciTechsperience, a program that supports science, technology, engineering, and math (STEM) internship opportunities for two- and four-year college students and graduate students in their field of study. The internship opportunities must match students with paid internships within STEM disciplines at small, for-profit companies located in Minnesota, having fewer than 250 employees worldwide. At least 300 students must be matched in the first year and at least 350 students must be matched in the second year. No more than 15 percent of the hires may be graduate students. Selected hiring companies shall receive from the grant 50 percent of the wages paid to the intern, capped at \$2,500 per intern. The program must work toward increasing the participation of women or other underserved populations. This is a onetime appropriation.

(m) \$450,000 each year is from the workforce development fund for grants to Minnesota Diversified Industries, Inc. to provide progressive development and employment opportunities for people with disabilities. This is a onetime appropriation.

(n) \$500,000 each year is from the workforce development fund for a grant to Resource, Inc. to provide low-income individuals career education and job skills training that are fully integrated with chemical and mental health services. This is a onetime appropriation.

(o) \$750,000 each year is from the workforce development fund for a grant to the Minnesota Alliance of Boys and Girls Clubs to administer a statewide project of youth job skills and career development. This project, which may have career guidance



components including health and life skills, is designed to encourage, train, and assist youth in early access to education and job-seeking skills, work-based learning experience including career pathways in STEM learning, career exploration and matching, and first job placement through local community partnerships and on-site job opportunities. This grant requires a 25 percent match from nonstate resources. This is a onetime appropriation.

(p) \$215,000 each year is from the workforce development fund for grants to Big Brothers, Big Sisters of the Greater Twin Cities for workforce readiness, employment exploration, and skills development for youth ages 12 to 21. The grant must serve youth in the Twin Cities, Central Minnesota, and Southern Minnesota Big Brothers, Big Sisters chapters. This is a onetime appropriation.

(q) \$250,000 each year is from the workforce development fund for a grant to YWCA St. Paul to provide job training services and workforce development programs and services, including job skills training and counseling. This is a onetime appropriation.

(r) \$1,000,000 each year is from the workforce development fund for a grant to EMERGE Community Development, in collaboration with community partners, for services targeting Minnesota communities with the highest concentrations of African and African-American joblessness, based on the most recent census tract data, to provide employment readiness training, credentialed training placement, job placement and retention services, supportive services for hard-to-employ individuals, and a general education development fast track and adult diploma program. This is a onetime appropriation.

(s) \$1,000,000 each year is from the workforce development fund for a grant to the Minneapolis Foundation for a strategic intervention program designed to target and connect program participants to meaningful, sustainable living-wage employment. This is a onetime appropriation.

(t) \$750,000 each year is from the workforce development fund for a grant to Latino Communities United in Service (CLUES) to expand culturally tailored programs that address employment and education skill gaps for working parents and underserved youth by providing new job skills training to stimulate higher wages for low-income people, family support systems designed to reduce intergenerational poverty, and youth programming to promote educational advancement and career pathways. At least 50 percent of this amount must be used for programming targeted at greater Minnesota. This is a onetime appropriation.

(u) \$600,000 each year is from the workforce development fund for a grant to Ujamaa Place for job training, employment preparation, internships, education, training in the construction trades, housing, and organizational capacity building. This is a onetime appropriation.

(v) \$1,297,000 in the first year and \$800,000 in the second year are from the workforce development fund for performance grants under Minnesota Statutes, section 116J.8747, to Twin Cities R!SE to provide training to hard-to-train individuals. Of the amounts appropriated, \$497,000 in fiscal year 2018 is for a grant to Twin Cities R!SE, in collaboration with Metro Transit and Hennepin Technical College for the Metro Transit technician training program. This is a onetime appropriation and funds are available until June 30, 2020.

(w) \$230,000 in fiscal year 2018 is from the workforce development fund for a grant to the Bois Forte Tribal Employment Rights Office (TERO) for an American Indian workforce development training pilot project. This is a onetime appropriation and is available until June 30, 2019. Funds appropriated the first year are available for use in the second year of the biennium.

(x) \$40,000 in fiscal year 2018 is from the workforce development fund for a grant to the Cook County Higher Education Board to provide educational programming and academic support services to remote regions in northeastern Minnesota. This appropriation is in addition to other funds previously appropriated to the board.

(y) \$250,000 each year is from the workforce development fund for a grant to Bridges to Healthcare to provide career education, wraparound support services, and job skills training in high-demand health care fields to low-income parents, nonnative speakers of English, and other hard-to-train individuals, helping families build secure pathways out of poverty while also addressing worker shortages in one of Minnesota's most innovative industries. Funds may be used for program expenses, including, but not limited to, hiring instructors and navigators; space rental; and supportive services to help participants attend classes, including assistance with course fees, child care, transportation, and safe and stable housing. In addition, up to five percent of grant funds may be used for Bridges to Healthcare's administrative costs. This is a onetime appropriation and is available until June 30, 2020.

(z) \$500,000 each year is from the workforce development fund for a grant to the Nonprofits Assistance Fund to provide capacity-building grants to small, culturally specific organizations that primarily serve historically underserved cultural communities. Grants may only be awarded to nonprofit organizations that have an annual organizational budget of less than \$500,000 and are

culturally specific organizations that primarily serve historically underserved cultural communities. Grant funds awarded must be used for:

(1) organizational infrastructure improvement, including developing database management systems and financial systems, or other administrative needs that increase the organization's ability to access new funding sources;

(2) organizational workforce development, including hiring culturally competent staff, training and skills development, and other methods of increasing staff capacity; or

(3) creation or expansion of partnerships with existing organizations that have specialized expertise in order to increase the capacity of the grantee organization to improve services for the community. Of this amount, up to five percent may be used by the Nonprofits Assistance Fund for administration costs and providing technical assistance to potential grantees. This is a onetime appropriation.

(aa) \$4,050,000 each year is from the workforce development fund for the Minnesota youth program under Minnesota Statutes, sections 116L.56 and 116L.561.

(bb) \$1,000,000 each year is from the workforce development fund for the youthbuild program under Minnesota Statutes, sections 116L.361 to 116L.366.

(cc) \$3,348,000 each year is from the workforce development fund for the "Youth at Work" youth workforce development competitive grant program. Of this amount, up to five percent is for administration and monitoring of the youth workforce development competitive grant program. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year.

(dd) \$500,000 each year is from the workforce development fund for the Opportunities Industrialization Center programs.

(ee) \$750,000 each year is from the workforce development fund for a grant to Summit Academy OIC to expand its contextualized GED and employment placement program. This is a onetime appropriation.

(ff) \$500,000 each year is from the workforce development fund for a grant to Goodwill-Easter Seals Minnesota and its partners. The grant shall be used to continue the FATHER Project in Rochester, Park Rapids, St. Cloud, Minneapolis, and the surrounding areas to assist fathers in overcoming barriers that prevent fathers from supporting their children economically and emotionally. This is a onetime appropriation.

(gg) \$150,000 each year is from the workforce development fund for displaced homemaker programs under Minnesota Statutes, section 116L.96. The commissioner shall distribute the funds to existing nonprofit and state displaced homemaker programs. This is a onetime appropriation.

(hh)(1) \$150,000 in fiscal year 2018 is from the workforce development fund for a grant to Anoka County to develop and implement a pilot program to increase competitive employment opportunities for transition-age youth ages 18 to 21.

(2) The competitive employment for transition-age youth pilot program shall include career guidance components, including health and life skills, to encourage, train, and assist transition-age youth in job-seeking skills, workplace orientation, and job site knowledge.

(3) In operating the pilot program, Anoka County shall collaborate with schools, disability providers, jobs and training organizations, vocational rehabilitation providers, and employers to build upon opportunities and services, to prepare transition-age youth for competitive employment, and to enhance employer connections that lead to employment for the individuals served.

(4) Grant funds may be used to create an on-the-job training incentive to encourage employers to hire and train qualifying individuals. A participating employer may receive up to 50 percent of the wages paid to the employee as a cost reimbursement for on-the-job training provided.

(ii) \$500,000 each year is from the workforce development fund for rural career counseling coordinator positions in the workforce service areas and for the purposes specified in Minnesota Statutes, section 116L.667. The commissioner of employment and economic development, in consultation with local workforce investment boards and local elected officials in each of the service areas receiving funds, shall develop a method of distributing funds to provide equitable services across workforce service areas.

(jj) In calendar year 2017, the public utility subject to Minnesota Statutes, section 116C.779, must withhold \$1,000,000 from the funds required to fulfill its financial commitments under Minnesota Statutes, section 116C.779, subdivision 1, and pay such amounts to the commissioner of employment and economic development for deposit in the Minnesota 21st century fund under Minnesota Statutes, section 116J.423.

(kk) \$350,000 in fiscal year 2018 is for a grant to AccessAbility Incorporated to provide job skills training to individuals who have been released from incarceration for a felony-level offense and are no more than 12 months from the date of release. AccessAbility

Incorporated shall annually report to the commissioner on how the money was spent and the results achieved. The report must include, at a minimum, information and data about the number of participants; participant homelessness, employment, recidivism, and child support compliance; and training provided to program participants.

**EFFECTIVE DATE.** This section is effective retroactively from July 1, 2017.

Sec. 15. **PLAN TO ADDRESS BARRIERS TO EMPLOYMENT.**

The commissioner of employment and economic development must consult with the commissioners of health and human services and stakeholders in order to identify the barriers that people with mental illness face in obtaining employment and all current programs that assist people with mental illness in obtaining employment. Stakeholders shall include people with mental illness and their families, mental health advocates, mental health providers, and employers. The commissioner of employment and economic development shall submit a detailed plan to the legislative committees with jurisdiction over employment and human services before February 1, 2020, identifying the barriers to employment and making recommendations on how to best improve the employment rate among people with mental illness.

Sec. 16. **INNOVATIONS IN SPECIAL EDUCATION EMPLOYMENT (ISEE) PILOT PROJECT.**

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

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

(c) "Eligible provider" means an organization currently eligible to provide services through the extended employment program under Minnesota Statutes, section 268A.15.

(d) "Eligible student" means:

(1) a student receiving special instruction under Minnesota Statutes, section 125A.03, who has completed at least three years of high school; or

(2) an individual under the age of 25 who has graduated from secondary school after receiving special instruction under Minnesota Statutes, section 125A.03, but has not had competitive wage employment in an integrated community setting.

(e) "Pilot" means the innovations in special education employment (ISEE) pilot project established under this section.

Subd. 2. **Establishment.** The commissioner shall establish an innovations in special education employment (ISEE) pilot project designed to transition special education graduates into competitive wage employment in integrated community settings.

Subd. 3. **Services.** Eligible providers wishing to participate in the pilot must notify the commissioner, on a form designated by the commissioner, of the intent to provide an eligible student with one of the following services:

(1) comprehensive job preparation training that must provide an eligible student with at least 20 hours in a classroom setting, resume preparation, and assistance in establishing a bank account;

(2) job shadowing experiences where eligible students can observe at least 30 hours of workplace activity for a job similar to one the eligible student might be hired for. Eligible providers shall facilitate transportation to and from the workplace for the eligible student; and

(3) employment placement services to match eligible students with appropriate employment paying at least the minimum wage in an integrated community setting. Eligible providers shall support such placements with training for the employer and the eligible student, both before and after hiring, to foster success.

Subd. 4. **Payments.** Eligible providers may apply to the commissioner, on a form designated by the commissioner, for the following payments for performance:

(1) \$1,000 for each eligible student certified to have completed the services under subdivision 3, clause (1);

(2) \$1,000 for each eligible student certified to have completed the services under subdivision 3, clause (2); and

(3) \$3,000 for each eligible student certified to have completed 90 days of employment after receiving the services under subdivision 3, clause (3).

Subd. 5. **Forms.** By October 1, 2019, the commissioner must make available the forms necessary for eligible providers to participate in the pilot. These must include:

(1) a form to notify the commissioner of the intent to provide an eligible student with a service under subdivision 3; and

(2) a form to certify to the commissioner that an eligible student from clause (1) was provided the service under subdivision 3, and to apply for payment for performance of that service under subdivision 4.

**Sec. 17. MINNESOTA INNOVATION COLLABORATIVE.**

Subdivision 1. **Establishment.** The Minnesota Innovation Collaborative is established within the Business and Community Development Division of the Department of Employment and Economic Development to encourage and support the development of new private sector technologies and support the science and technology policies under Minnesota Statutes, section 3.222. The Minnesota Innovation Collaborative must provide entrepreneurs and emerging technology-based companies business development assistance and financial assistance to spur growth.

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

(b) "Advisory board" means the board established under subdivision 11.

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

(d) "Department" means the Department of Employment and Economic Development.

(e) "Entrepreneur" means a Minnesota resident who is involved in establishing a business entity and secures resources directed to its growth while bearing the risk of loss.

(f) "Greater Minnesota" means the area of Minnesota located outside of the metropolitan area as defined in section 473.121, subdivision 2.

(g) "High technology" includes aerospace, agricultural processing, renewable energy, energy efficiency and conservation, environmental engineering, food technology, cellulosic ethanol, information technology, materials science technology, nanotechnology, telecommunications, biotechnology, medical device products, pharmaceuticals, diagnostics, biologicals, chemistry, veterinary science, and similar fields.

(h) "Institution of higher education" has the meaning given in Minnesota Statutes, section 136A.28, subdivision 6.

(i) "Minority group member" means a United States citizen who is Asian, Pacific Islander, Black, Hispanic, or Native American.

(j) "Minority-owned business" means a business for which one or more minority group members:

(1) own at least 50 percent of the business or, in the case of a publicly owned business, own at least 51 percent of the stock; and

(2) manage the business and control the daily business operations.

(k) "Research and development" means any activity that is:

(1) a systematic, intensive study directed toward greater knowledge or understanding of the subject studies;

(2) a systematic study directed specifically toward applying new knowledge to meet a recognized need; or

(3) a systematic application of knowledge toward the production of useful materials, devices, systems and methods, including design, development and improvement of prototypes and new processes to meet specific requirements.

(l) "Start-up" means a business entity that has been in operation for less than ten years, has operations in Minnesota, and is in the development stage defined as devoting substantially all of its efforts to establishing a new business and either of the following conditions exists:

(1) planned principal operations have not commenced; or

(2) planned principal operations have commenced, but have generated less than \$1,000,000 in revenue.

(m) "Technology-related assistance" means the application and utilization of technological-information and technologies to assist in the development and production of new technology-related products or services or to increase the productivity or otherwise enhance the production or delivery of existing products or services.

(n) "Trade association" means a nonprofit membership organization organized to promote businesses and business conditions and having an election under Internal Revenue Code section 501(c)(3) or 501(c)(6).

(o) "Women" means persons of the female gender.

(p) "Women-owned business" means a business for which one or more women:

(1) own at least 50 percent of the business or, in the case of a publicly owned business, own at least 51 percent of the stock; and

(2) manage the business and control the daily business operations.

Subd. 3. **Duties.** The Minnesota Innovation Collaborative shall:

(1) support innovation and initiatives designed to accelerate the growth of high-technology start-ups in Minnesota;

(2) offer classes and instructional sessions on how to start a high-tech and innovative start-up;

(3) promote activities for entrepreneurs and investors regarding the state's growing innovation economy;

(4) hold events and meetings that gather key stakeholders in the state's innovation sector;

(5) conduct outreach and education on innovation activities and related financial programs available from the department and other organizations, particularly for underserved communities;

(6) interact and collaborate with statewide partners including but not limited to businesses, nonprofits, trade associations, and higher education institutions;

(7) administer an advisory board to assist with direction, grant application review, program evaluation, report development, and partnerships;

(8) commission research in partnership with the University of Minnesota and Minnesota State Colleges and Universities to study innovation and its impacts on the state's economy with emphasis on the state's labor market;

(9) accept grant applications under subdivisions 5 and 6 and work with the advisory board to evaluate the applications and provide funding recommendations to the commissioner; and

(10) perform other duties at the commissioner's discretion.

Subd. 4. **Administration.** (a) The department shall employ an executive director in the unclassified service. The executive director shall:

(1) hire no more than two staff;

(2) assist the commissioner and the advisory board in performing the duties of the Minnesota Innovation Collaborative; and

(3) comply with all state and federal program requirements, and all state and federal securities and tax laws and regulations.

(b) To the extent possible, the space that the Minnesota Innovation Collaborative shall occupy and lease must be a private coworking facility that includes office space for staff and space for community engagement for training entrepreneurs. The space leased under this paragraph is exempt from the requirements in Minnesota Statutes, section 16B.24, subdivision 6.

(c) Except for grants under subdivision 7, the Minnesota Innovation Collaborative must accept grant applications under this section and provide funding recommendations to the commissioner, who shall distribute grants based in part on the recommendations.

Subd. 5. **Application process.** (a) The commissioner shall establish the application form and procedures for innovation grants.



(b) Upon receiving recommendations from the Minnesota Innovation Collaborative under subdivision 4, paragraph (c), the department is responsible for evaluating all applications using evaluation criteria developed by the Minnesota Innovation Collaborative, the advisory board, and the commissioner. Priority shall be given if the applicant is:

(1) a business or entrepreneur located in greater Minnesota; or

(2) a business owner or entrepreneur who is a woman or minority group member.

(c) The department staff, and not the Minnesota Innovation Collaborative staff, is responsible for awarding funding, disbursing funds, and monitoring grantee performance for all grants awarded under this section.

(d) Grantees must provide matching funds by equal expenditures and grant payments must be provided on a reimbursement basis after review of submitted receipts by the department.

(e) Grant applications must be accepted on a regular periodic basis by the Minnesota Innovation Collaborative and must be reviewed by the collaborative and the advisory board before being submitted to the commissioner with their recommendations.

**Subd. 6. Innovation grants.** (a) The commissioner shall distribute innovation grants under this subdivision.

(b) The commissioner shall provide a grant of up to \$50,000 to an eligible business or entrepreneur for research and development expenses. Research and development expenditures may be related but not limited to proof of concept activities, intellectual property protection, prototype designs and production, and commercial feasibility. Expenditures funded under this subdivision are not eligible for the research and development tax credit under Minnesota Statutes, section 290.068. Each business or entrepreneur may receive only one grant under this paragraph.

(c) The commissioner shall provide a grant of up to \$25,000 to an eligible start-up or entrepreneur for direct business expenses including but not limited to rent, equipment purchases, supplier invoices, and staffing. Taxes imposed by the federal, state, or local government entities may be not be reimbursed under this paragraph. Each start-up or entrepreneur may receive only one grant under this paragraph.

(d) The commissioner shall provide a grant of up to \$7,500 to reimburse an entrepreneur for health care, housing, or child care expenses for the entrepreneur, spouse, or children 26 years of age or younger. Each entrepreneur may receive only one grant under this paragraph.

(e) The commissioner shall provide a grant of up to \$50,000 to an eligible business or entrepreneur that, as a registered client of the Small Business Innovation Research (SBIR) program, has been awarded a Phase 2 award pursuant to the SBIR or Small Business Technology Transfer (STTR) programs after July 1, 2019. Each business or entrepreneur may receive only one grant under this paragraph. Grants under this paragraph are not subject to the requirements of subdivision 2, paragraph (1), and are awarded without the review or recommendation of the Minnesota Innovation Collaborative.

(f) The commissioner shall provide a grant of up to \$25,000 to provide financing to start-ups to purchase technical assistance and services from public higher education institutions and nonprofit entities to assist in the development or commercialization of innovative new products or services.

**Subd. 7. Entrepreneur education grants.** (a) The commissioner shall make entrepreneur education grants to institutions of higher education and other organizations to provide educational programming to entrepreneurs and provide outreach to and collaboration with businesses, federal and state agencies, institutions of higher education, trade associations, and other organizations working to advance innovative, high technology businesses throughout Minnesota.

(b) Applications for entrepreneur education grants under this subdivision must be submitted to the commissioner and evaluated by department staff other than the Minnesota Innovation Collaborative. The evaluation criteria must be developed by the Minnesota Innovation Collaborative, the advisory board, and the commissioner with priority given to an applicant who demonstrates activity assisting businesses or entrepreneurs residing in greater Minnesota or who are women or minority group members.

(c) Department staff other than the Minnesota Innovation Collaborative staff is responsible for awarding funding, disbursing funds, and monitoring grantee performance under this subdivision.

(d) Grantees may use the grant funds to deliver the following services:

(1) development and delivery to high technology businesses of industry specific or innovative product or process specific counseling on issues of business formation, market structure, market research and strategies, securing first mover advantage or overcoming barriers to entry, protecting intellectual property, and securing debt or equity capital. This counseling is to be delivered in a classroom setting or using distance media presentations;

(2) outreach and education to businesses and organizations on the small business investment tax credit program under Minnesota Statutes, section 116J.8737, the MNvest crowd-funding program under Minnesota Statutes, section 80A.461, and other state programs that support high technology business creation especially in underserved communities;

(3) collaboration with institutions of higher education, local organizations, federal and state agencies, the Small Business Development Center, and the Small Business Assistance Office to create and offer educational programming and ongoing counseling in greater Minnesota that is consistent with those services offered in the metropolitan area; and

(4) events and meetings with other innovation-related organizations to inform entrepreneurs and potential investors about Minnesota's growing information economy.

Subd. 8. **Report.** The Minnesota Innovation Collaborative shall report by February 1, 2020, and again on February 1, 2021, to the chairs and ranking minority members of the committees of the house of representatives and senate having jurisdiction over economic development policy and finance issues on the work completed, including awards made by the department under this section.

Subd. 9. **Advisory board.** (a) The commissioner shall establish an advisory board to advise the executive director regarding the activities of the Minnesota Innovation Collaborative and to perform the recommendations described in this section.

(b) The advisory board shall consist of ten members and is governed by Minnesota Statutes, section 15.059. A minimum of six members must be from the private sector representing business and at least two members but no more than four members from government and higher education. Appointees shall represent a range of interests, including entrepreneurs, large businesses, industry organizations, investors, and both public and private small business service providers.

(c) The advisory board shall select a chair from its private sector members. The executive director shall provide administrative support to the committee.

#### Sec. 18. **CHILD CARE ECONOMIC DEVELOPMENT GRANT PROGRAM.**

Subdivision 1. **Establishment.** A grant program is established under the Department of Employment and Economic Development to award grants to eligible local communities to increase the availability of child care in order to reduce the child care shortage in the community, and support increased workforce participation, business expansion and retention, and new business location.

Subd. 2. **Definitions.** For the purposes of this section, the following terms have the meanings given them:

(1) "commissioner" means the commissioner of employment and economic development;

(2) "child care" has the meaning given in section 119B.011;

(3) "political subdivision" means a county, statutory or home rule charter city, or school district; and

(4) "Indian tribe" means one of the federally recognized Minnesota tribes listed in section 3.922, subdivision 1, clause (1).

Subd. 3. **Eligible expenditures.** The commissioner may make grants under this section to implement solutions to reduce the child care shortage in the state including but not limited to funding for child care business start-ups or expansions, training, facility modifications or improvements required for licensing, and assistance with licensing and other regulatory requirements.

Subd. 4. **Eligible applicants.** Eligible applicants for grants awarded under this section include:

(1) a political subdivision;

(2) an Indian tribe;

(3) a Minnesota nonprofit organization organized under chapter 317 having experience in one or more of the following: the operation of, planning for, financing of, advocacy for, or advancement of the delivery of child care services in a defined service area spanning the boundaries of one or more political subdivisions.

Subd. 5. **Application process.** (a) An eligible applicant must submit an application to the commissioner on a form prescribed by the commissioner. The commissioner shall develop procedures governing the application and grant award process. The commissioner shall act as fiscal agent for the grant program and shall be responsible for receiving and reviewing grant applications and awarding grants under this section.

(b) At least 30 days prior to the first day applications may be submitted each fiscal year, the commissioner must publish on the department's website the specific criteria and any quantitative weighting scheme or scoring system the commissioner will use to evaluate or rank applications and award grants under subdivision 6.

Subd. 6. **Application contents.** An applicant for a grant under this section shall provide the following information on the application:

(1) the service area of the project;

(2) the project budget;

(3) evidence of the child care shortage in the community in which the project is to be located;

(4) the number of licensed child care slots that will be created as a result of the project;

(5) the number of families with children under age six that will have access to child care as a result of the project;

(6) community employers and businesses that will benefit from the proposed project;

(7) evidence of community support for the project;

(8) the total cost of the project;

(9) sources of funding or in-kind contributions for the project that will supplement any grant award; and

(10) any additional information requested by the commissioner.

**Subd. 7. Awarding grants.** (a) In evaluating applications and awarding grants, the commissioner may give priority to applications that:

(1) are in areas that have a documented shortage of affordable quality child care;

(2) demonstrate programmatic or financial collaborations and partnering among private sector employers, public and nonprofit organizations within geographic areas;

(3) serve areas of the state experiencing worker shortages, low prime age workforce participation rates, or prime age worker population loss that is significantly greater than the statewide average;

(4) provide evidence of strong support for the project from citizens, government, businesses, and institutions in the community;

(5) leverage greater amounts of funding for the project from private and nonstate public sources.

(b) The commissioner shall endeavor to award grants under this section to qualified applicants in all regions of the state.

**Subd. 8. Limitation.** (a) No grant awarded under this section may fund more than 50 percent of the total cost of a project.

(b) Grants awarded to a single project under this section must not exceed \$100,000.

**Sec. 19. COMMUNITY PROSPERITY GRANT PROGRAM.**

**Subdivision 1. Establishment; purpose.** The community prosperity grant program is established to provide grants to public or 501(c)(3) nonprofit entities to implement innovative economic development projects that will support economic growth in their community.

**Subd. 2. Definitions.** For the purposes of this section, the following terms have the meanings given them:

(1) "economic development" means activities, services, investments, and infrastructure that support the economic success of individuals, businesses, and communities by facilitating an economic environment that produces net new jobs;

(2) "innovative project" means the provision of a public service or good that was absent in the community or of insufficient quantity or quality;

(3) "local governmental unit" means a county, city, town, special district, public higher education institution, or other political subdivision or public corporation; and

(4) "community" means any geographic area defined by one or more census tracts.

**Subd. 3. Community prosperity grants.** The commissioner of employment and economic development shall:

(1) develop and implement a community prosperity grant program that will provide matching grants up to 85 percent of total project cost up to \$100,000 to implement innovative economic development projects that will induce economic growth in their community;

(2) develop a request for proposals;

(3) review responses to requests for proposals and award grants under this section;

(4) establish a transparent and objective accountability process focused on outcomes that grantees agree to achieve; and

(5) maintain data on outcomes reported by grantees.

**Subd. 4. Eligible grantees.** Organizations eligible to receive grant funding under this section include:

(1) local government units; and

(2) nonprofit 501(c)(3) organizations that have established partnerships with one or more local government units to implement economic development projects or activities.

**Subd. 5. Priority of proposals; grant awards.** The commissioner shall prioritize the award of grants to proposals that demonstrate that the project:

(1) will serve communities with a population of 5,000 or less;

(2) will support community groups or neighborhood organizations within one of the 128 federally designated opportunity zones;

(3) will support the economic success of individuals, businesses, and communities by facilitating an economic environment that produces net new jobs;

(4) will provide public services or goods that was absent in the community or of insufficient quantity or quality;

(5) serves a defined geographic area; racial, ethnic, or minority community; or American Indian community experiencing any the following: below state average wages, above state average unemployment rate, or below state average labor force participation rate;

(6) will be sustainable or continue to have impact beyond the one-time funding from this program;

(7) will be successfully implemented based on the qualifications of the lead organization; and

(8) will serve two or more local government units.

**Subd. 6. Geographic distribution of grants.** The commissioner shall ensure that a minimum of 50 percent of grants are awarded to communities outside the seven-county metropolitan area.

**Subd. 7. Report.** Grantees must report grant program outcomes to the commissioner on the forms and according to the timelines established by the commissioner.

**Sec. 20. ONETIME EXCEPTION TO RESTRICTIONS ON USE OF MINNESOTA INVESTMENT FUND LOCAL GOVERNMENT LOAN REPAYMENT FUNDS.**

(a) Notwithstanding Minnesota Statutes, section 116J.8731, a home rule charter or statutory city, county, or town that has uncommitted money received from repayment of funds awarded under Minnesota Statutes, section 116J.8731, may choose to transfer 20 percent of the balance of that money to the state general fund before June 30, 2020. Any local entity that does so may then use the remaining 80 percent of the uncommitted money as a general purpose aid for any lawful expenditure.

(b) By February 15, 2021, a home rule charter or statutory city, county, or town that exercises the option under paragraph (a) shall submit to the chairs and ranking minority members of the legislative committees with jurisdiction over economic development policy and finance an accounting and explanation of the use and distribution of the funds.

**ARTICLE 5  
WAGE THEFT**

Section 1. Minnesota Statutes 2018, section 16C.285, subdivision 3, is amended to read:

Subd. 3. **Minimum criteria.** "Responsible contractor" means a contractor that conforms to the responsibility requirements in the solicitation document for its portion of the work on the project and verifies that it meets the following minimum criteria:

(1) the contractor:

(i) is in compliance with workers' compensation and unemployment insurance requirements;

(ii) is in compliance with Department of Revenue and Department of Employment and Economic Development registration requirements if it has employees;

(iii) has a valid federal tax identification number or a valid Social Security number if an individual; and

(iv) has filed a certificate of authority to transact business in Minnesota with the secretary of state if a foreign corporation or cooperative;

(2) the contractor or related entity is in compliance with and, during the three-year period before submitting the verification, has not violated section 177.24, 177.25, 177.41 to 177.44, ~~181.03, 181.101~~, 181.13, 181.14, or 181.722, and has not violated United States Code, title 29, sections 201 to 219, or United States Code, title 40, sections 3141 to 3148. For purposes of this clause, a violation occurs when a contractor or related entity:

(i) repeatedly fails to pay statutorily required wages or penalties on one or more separate projects for a total underpayment of \$25,000 or more within the three-year period, provided that a failure to pay is "repeated" only if it involves two or more separate and distinct occurrences of underpayment during the three-year period;

(ii) has been issued an order to comply by the commissioner of labor and industry that has become final;

(iii) has been issued at least two determination letters within the three-year period by the Department of Transportation finding an underpayment by the contractor or related entity to its own employees;

(iv) has been found by the commissioner of labor and industry to have repeatedly or willfully violated any of the sections referenced in this clause pursuant to section 177.27;

(v) has been issued a ruling or findings of underpayment by the administrator of the Wage and Hour Division of the United States Department of Labor that have become final or have been upheld by an administrative law judge or the Administrative Review Board; ~~or~~

(vi) has been found liable for underpayment of wages or penalties or misrepresenting a construction worker as an independent contractor in an action brought in a court having jurisdiction; or

(vii) has been convicted of a violation of section 609.52, subdivision 2, clause (19).

Provided that, if the contractor or related entity contests a determination of underpayment by the Department of Transportation in a contested case proceeding, a violation does not occur until the contested case proceeding has concluded with a determination that the contractor or related entity underpaid wages or penalties;

(3) the contractor or related entity is in compliance with and, during the three-year period before submitting the verification, has not violated section 181.723 or chapter 326B. For purposes of this clause, a violation occurs when a contractor or related entity has been issued a final administrative or licensing order;

(4) the contractor or related entity has not, more than twice during the three-year period before submitting the verification, had a certificate of compliance under section 363A.36 revoked or suspended based on the provisions of section 363A.36, with the revocation or suspension becoming final because it was upheld by the Office of Administrative Hearings or was not appealed to the office;

(5) the contractor or related entity has not received a final determination assessing a monetary sanction from the Department of Administration or Transportation for failure to meet targeted group business, disadvantaged business enterprise, or veteran-owned business goals, due to a lack of good faith effort, more than once during the three-year period before submitting the verification;

(6) the contractor or related entity is not currently suspended or debarred by the federal government or the state of Minnesota or any of its departments, commissions, agencies, or political subdivisions that have authority to debar a contractor; and

(7) all subcontractors and motor carriers that the contractor intends to use to perform project work have verified to the contractor through a signed statement under oath by an owner or officer that they meet the minimum criteria listed in clauses (1) to (6).

Any violations, suspensions, revocations, or sanctions, as defined in clauses (2) to (5), occurring prior to July 1, 2014, shall not be considered in determining whether a contractor or related entity meets the minimum criteria.

Sec. 2. Minnesota Statutes 2018, section 177.27, is amended by adding a subdivision to read:

Subd. 1a. **Authority to investigate.** To carry out the purposes of this chapter and chapters 181, 181A, and 184, and utilizing the enforcement authority of section 175.20, the commissioner is authorized to enter the places of business and employment of any employer in the state to investigate wages, hours, and other conditions and practices of work, collect evidence, and conduct interviews. The commissioner is authorized to enter the places of business and employment during working hours and without delay. The commissioner may use investigation methods that include but are not limited to examination, surveillance, transcription, copying, scanning, photographing, audio or video recording, testing, and sampling along with taking custody of evidence. Evidence that may be collected includes but is not limited to documents, records, books, registers, payrolls, electronically and digitally stored information, machinery, equipment, tools, and other tangible items that in any way relate to wages,

hours, and other conditions and practices of work. The commissioner may privately interview any individual, including owners, employers, operators, agents, workers, and other individuals who may have knowledge of the conditions and practices of work under investigation.

Sec. 3. Minnesota Statutes 2018, section 177.27, subdivision 2, is amended to read:

Subd. 2. **Submission of records; penalty.** The commissioner may require the employer of employees working in the state to submit to the commissioner photocopies, certified copies, or, if necessary, the originals of employment records which the commissioner deems necessary or appropriate. The records which may be required include full and correct statements in writing, including sworn statements by the employer, containing information relating to wages, hours, names, addresses, and any other information pertaining to the employer's employees and the conditions of their employment as the commissioner deems necessary or appropriate.

The commissioner may require the records to be submitted by certified mail delivery or, if necessary, by personal delivery by the employer or a representative of the employer, as authorized by the employer in writing.

The commissioner may fine the employer up to \$1,000 for each failure to submit or deliver records as required by this section, and up to \$10,000 for each repeated failure. This penalty is in addition to any penalties provided under section 177.32, subdivision 1. In determining the amount of a civil penalty under this subdivision, the appropriateness of such penalty to the size of the employer's business and the gravity of the violation shall be considered.

Sec. 4. Minnesota Statutes 2018, section 177.27, is amended by adding a subdivision to read:

Subd. 11. **Subpoenas.** In order to carry out the purposes of this chapter and chapter 181, 181A, or 184, the commissioner may issue subpoenas to compel persons to appear before the commissioner to give testimony and produce and permit inspection, copying, testing, or sampling of documents, electronically stored information, tangible items, or other items in the possession, custody, or control of that person that are deemed necessary or appropriate by the commissioner. A subpoena may specify the form or format in which electronically stored information is to be produced. Upon the application of the commissioner, a district court shall treat the failure of any person to obey a subpoena lawfully issued by the commissioner under this subdivision as a contempt of court.

Sec. 5. Minnesota Statutes 2018, section 177.27, is amended by adding a subdivision to read:

Subd. 12. **Court orders for entrance and inspection.** To carry out the purposes of this chapter and chapters 181, 181A, and 184, and utilizing the enforcement authority of section 175.20, the commissioner is authorized to enter places of business and employment of any employer in the state to investigate wages, hours, and other conditions and practices of work, collect evidence, and conduct interviews. The commissioner is authorized to enter the places of business and employment during working hours and without delay. Upon the anticipated refusal based on a refusal to permit entrance on a prior occasion or actual refusal of an employer, owner, operator, or agent in charge of an employer's place of business or employment, the commissioner may apply for an order in the district court in the county in which the place of business or employment is located, to compel an employer, owner, operator, or agent in charge of the place of business or employment to permit the commissioner entry to investigate wages, hours, and other conditions and practices of work, collect evidence, and interview witnesses.

Sec. 6. Minnesota Statutes 2018, section 177.27, is amended by adding a subdivision to read:

Subd. 13. **State licensing or regulatory power.** In the case of an employer which is subject to the licensing or regulatory power of the state or any political subdivision or agency thereof, if the commissioner issues an order to comply under subdivision 4, the commissioner may provide the licensing or regulatory agency a copy of the order to comply. Unless the order to comply is reversed in the course of administrative or judicial review, the order to



comply is binding on the agency and the agency may take appropriate action, including action related to the eligibility, renewal, suspension, or revocation of a license or certificate of public convenience and necessity if the agency is otherwise authorized to take such action.

Sec. 7. Minnesota Statutes 2018, section 177.27, is amended by adding a subdivision to read:

Subd. 14. **Public contracts.** In the case of an employer that is a party to a public contract, if the commissioner issues an order to comply under subdivision 4, the commissioner may provide a copy of the order to comply to the contract letting agency. Unless the order to comply is reversed in the course of administrative or judicial review, an order to comply is binding on the contract letting agency and the agency may take appropriate administrative action, including the imposition of financial penalties and eligibility for, termination or nonrenewal of a contract, in whole or in part, if the agency is otherwise authorized to take the action.

Sec. 8. Minnesota Statutes 2018, section 177.27, is amended by adding a subdivision to read:

Subd. 15. **Notice to employees of compliance orders and citations.** In a compliance order or citation issued under this chapter and chapters 181, 181A, and 184, the commissioner may require that the provisions of a compliance order or citation setting out the violations found by the commissioner and any subsequent document setting out the resolution of the compliance order or citation through settlement agreement or other final disposition, upon receipt by the employer, be made available for review by the employees of the employer using the means the employer uses to provide other work-related notices to the employer's employees. The means used by the employer must be at least as effective as the following options for providing notice: (1) posting a copy of the compliance order or citation at each location where employees perform work and where the notice must be readily observed and easily reviewed by all employees performing work; or (2) providing a paper or electronic copy of the compliance order or citation to employees. Each citation and proposed penalty shall be posted or made available to employees for a minimum period of 20 days. Upon issuance of a compliance order or citation to an employer, the commissioner may also provide the provisions of the compliance order or citation setting out the violations found by the commissioner and any resolution of a compliance order or citation through settlement agreement or other final disposition to the employer's employees who may be affected by the order or citation and how the order or citation and resolution may affect their interests.

Sec. 9. Minnesota Statutes 2018, section 177.30, is amended to read:

**177.30 KEEPING RECORDS; PENALTY.**

(a) Every employer subject to sections 177.21 to 177.44 must make and keep a record of:

(1) the name, address, and occupation of each employee;

(2) the rate of pay, and the amount paid each pay period to each employee, including whether each employee is paid by the hour, shift, day, week, salary, piece, commission, or other;

(3) the hours worked each day and each workweek by the employee, including for all employees paid at piece rate, the number of pieces completed at each piece rate;

(4) any personnel policies provided to employees;

(5) a copy of the notice provided to each employee as required by section 181.032, paragraph (d);

(6) for each employer subject to sections 177.41 to 177.44, and while performing work on public works projects funded in whole or in part with state funds, the employer shall furnish under oath signed by an owner or officer of an employer to the contracting authority and the project owner every two weeks, a certified payroll report with respect

to the wages and benefits paid each employee during the preceding weeks specifying for each employee: name; identifying number; prevailing wage master job classification; hours worked each day; total hours; rate of pay; gross amount earned; each deduction for taxes; total deductions; net pay for week; dollars contributed per hour for each benefit, including name and address of administrator; benefit account number; and telephone number for health and welfare, vacation or holiday, apprenticeship training, pension, and other benefit programs; and

~~(5)~~ (7) other information the commissioner finds necessary and appropriate to enforce sections 177.21 to 177.435. The records must be kept for three years in ~~or near~~ the premises where an employee works except each employer subject to sections 177.41 to 177.44, and while performing work on public works projects funded in whole or in part with state funds, the records must be kept for three years after the contracting authority has made final payment on the public works project.

(b) All records required to be kept under paragraph (a) must be readily available for inspection by the commissioner upon demand. The records must be either kept at the place where employees are working or kept in a manner that allows the employer to comply with this paragraph within 24 hours.

(c) The commissioner may fine an employer up to \$1,000 for each failure to maintain records as required by this section, and up to \$10,000 for each repeated failure. This penalty is in addition to any penalties provided under section 177.32, subdivision 1. In determining the amount of a civil penalty under this subdivision, the appropriateness of such penalty to the size of the employer's business and the gravity of the violation shall be considered.

(d) If the records maintained by the employer do not provide sufficient information to determine the exact amount of back wages due an employee, the commissioner may make a determination of wages due based on available evidence.

Sec. 10. Minnesota Statutes 2018, section 177.32, subdivision 1, is amended to read:

Subdivision 1. **Misdemeanors.** (a) An employer who does any of the following is guilty of a misdemeanor:

(1) hinders or delays the commissioner in the performance of duties required under sections 177.21 to 177.435, or chapter 181;

(2) refuses to admit the commissioner to the place of business or employment of the employer, as required by section 177.27, subdivision 1;

(3) repeatedly fails to make, keep, and preserve records as required by section 177.30;

(4) falsifies any record;

(5) refuses to make any record available, or to furnish a sworn statement of the record or any other information as required by section 177.27;

(6) repeatedly fails to post a summary of sections 177.21 to 177.44 or a copy or summary of the applicable rules as required by section 177.31;

(7) pays or agrees to pay wages at a rate less than the rate required under sections 177.21 to 177.44, or described and provided by an employer to its employees under section 181.032;

(8) refuses to allow adequate time from work as required by section 177.253; or

(9) otherwise violates any provision of sections 177.21 to 177.44, or commits wage theft as described in section 181.03, subdivision 1.

Intent is not an element of a misdemeanor under this paragraph.

(b) An employer is guilty of a gross misdemeanor if the employer is found to have intentionally retaliated against an employee for asserting rights or remedies under sections 177.21 to 177.44 or section 181.03.

Sec. 11. **[177.45] ENFORCEMENT; REMEDIES.**

Subdivision 1. **Public enforcement.** In addition to the enforcement of this chapter by the department, the attorney general may enforce this chapter under section 8.31.

Subd. 2. **Remedies cumulative.** The remedies provided in this chapter are cumulative and do not restrict any remedy that is otherwise available, including remedies provided under section 8.31. The remedies available under this section are not exclusive and are in addition to any other requirements, rights, remedies, and penalties provided by law.

Sec. 12. Minnesota Statutes 2018, section 181.03, subdivision 1, is amended to read:

Subdivision 1. **Prohibited practices.** ~~An employer may not, directly or indirectly and with intent to defraud:~~  
(a) ~~No employer shall commit wage theft.~~

(b) For purposes of this section, wage theft is committed if:

(1) ~~cause~~ an employer has failed to pay an employee all wages, salary, gratuities, earnings, or commissions at the employee's rate or rates of pay or at the rate or rates required by law, including any applicable statute, regulation, rule, ordinance, government resolution or policy, contract, or other legal authority, whichever rate of pay is greater;

(2) an employer directly or indirectly causes any employee to give a receipt for wages for a greater amount than that actually paid to the employee for services rendered;

~~(2)~~ (3) an employer directly or indirectly ~~demand~~ demands or ~~receive~~ receives from any employee any rebate or refund from the wages owed the employee under contract of employment with the employer; or

~~(3)~~ (4) an employer in any manner ~~make~~ makes or ~~attempt~~ attempts to make it appear that the wages paid to any employee were greater than the amount actually paid to the employee.

Sec. 13. Minnesota Statutes 2018, section 181.03, is amended by adding a subdivision to read:

Subd. 4. **Enforcement.** The use of an enforcement provision in this section shall not preclude the use of any other enforcement provision provided by law.

Sec. 14. Minnesota Statutes 2018, section 181.03, is amended by adding a subdivision to read:

Subd. 5. **Citations.** (a) In addition to other remedies and penalties provided by this chapter and chapter 177, the commissioner may issue a citation for a civil penalty of up to \$1,000 for any wage theft of up to \$1,000 by serving the citation on the employer. The citation may direct the employer to pay employees in a manner prescribed by the commissioner any wages, salary, gratuities, earnings, or commissions owed to the employee within 15 days of service of the citation on the employer. The commissioner shall serve the citation upon the employer or the

employer's authorized representative in person or by certified mail at the employer's place of business or registered office address with the secretary of state. The citation shall require the employer to correct the violation and cease and desist from committing the violation.

(b) In determining the amount of the civil penalty, the commissioner shall consider the size of the employer's business and the gravity of the violation as provided in section 14.045, subdivision 3, paragraph (a). If the citation includes a penalty assessment, the penalty is due and payable on the date the citation becomes final. The commissioner may vacate the citation if the employer pays the amount of wages, salaries, commissions, earnings, and gratuities due in the citation within five days after the citation is served on the employer.

Sec. 15. Minnesota Statutes 2018, section 181.03, is amended by adding a subdivision to read:

Subd. 6. **Administrative review.** Within 15 days after the commissioner of labor and industry issues a citation under subdivision 5, the employer to whom the citation is issued may request an expedited hearing to review the citation. The request for hearing must be in writing and must be served on the commissioner at the address specified in the citation. If the employer does not request a hearing or if the employer's written request for hearing is not served on the commissioner by the 15th day after the commissioner issues the citation, the citation becomes a final order of the commissioner and is not subject to review by any court or agency. The hearing request must state the reasons for seeking review of the citation. The employer to whom the citation is issued and the commissioner are the parties to the expedited hearing. The commissioner must notify the employer to whom the citation is issued of the time and place of the hearing at least 15 days before the hearing. The hearing shall be conducted under Minnesota Rules, parts 1400.8510 to 1400.8612, as modified by this section. If a hearing has been held, the commissioner shall not issue a final order until at least five days after the date of the administrative law judge's report. Any person aggrieved by the administrative law judge's report may, within those five days, serve written comments to the commissioner on the report and the commissioner shall consider and enter the comments in the record. The commissioner's final order shall comply with sections 14.61, subdivision 2, and 14.62, subdivisions 1 and 2a, and may be appealed in the manner provided in sections 14.63 to 14.69.

Sec. 16. Minnesota Statutes 2018, section 181.03, is amended by adding a subdivision to read:

Subd. 7. **Effect on other laws.** Nothing in this section shall be construed to limit the application of other state or federal laws.

Sec. 17. Minnesota Statutes 2018, section 181.03, is amended by adding a subdivision to read:

Subd. 8. **Retaliation.** An employer must not retaliate against an employee for asserting rights or remedies under this section, including but not limited to filing a complaint with the Department of Labor and Industry or telling the employer of intention to file a complaint. A rebuttable presumption of unlawful retaliation under this section exists whenever an employer takes adverse action against an employee within 90 days of the employee asserting rights or remedies under this section.

Sec. 18. Minnesota Statutes 2018, section 181.032, is amended to read:

**181.032 REQUIRED STATEMENT OF EARNINGS BY EMPLOYER; NOTICE TO EMPLOYEE.**

(a) At the end of each pay period, the employer shall provide each employee an earnings statement, either in writing or by electronic means, covering that pay period. An employer who chooses to provide an earnings statement by electronic means must provide employee access to an employer-owned computer during an employee's regular working hours to review and print earnings statements.

(b) The earnings statement may be in any form determined by the employer but must include:

- (1) the name of the employee;
- (2) the hourly rate or rates of pay (if applicable) and basis thereof, including whether the employee is paid by hour, shift, day, week, salary, piece, commission, or other method;
- (3) allowances, if any, claimed pursuant to permitted meals and lodging;
- (4) the total number of hours worked by the employee unless exempt from chapter 177;
- ~~(4)~~ (5) the total amount of gross pay earned by the employee during that period;
- ~~(5)~~ (6) a list of deductions made from the employee's pay;
- ~~(6)~~ (7) the net amount of pay after all deductions are made;
- ~~(7)~~ (8) the date on which the pay period ends; and
- ~~(8)~~ (9) the legal name of the employer and the operating name of the employer if different from the legal name;
- (10) the physical address of the employer's main office or principal place of business, and a mailing address if different; and
- (11) the telephone number of the employer.

(c) An employer must provide earnings statements to an employee in writing, rather than by electronic means, if the employer has received at least 24 hours notice from an employee that the employee would like to receive earnings statements in written form. Once an employer has received notice from an employee that the employee would like to receive earnings statements in written form, the employer must comply with that request on an ongoing basis.

(d) At the start of employment, an employer shall provide each employee a written notice containing the following information:

- (1) the rate or rates of pay and basis thereof, including whether the employee is paid by the hour, shift, day, week, salary, piece, commission, or other method, and the specific application of any additional rates;
- (2) allowances, if any, claimed pursuant to permitted meals and lodging;
- (3) paid vacation, sick time, or other paid time off accruals and terms of use;
- (4) the employee's employment status and whether the employee is exempt from minimum wage, overtime, and other provisions of chapter 177, and on what basis;
- (5) a list of deductions that may be made from the employee's pay;
- (6) the dates on which the pay periods start and end and the regularly scheduled payday;
- (7) the legal name of the employer and the operating name of the employer if different from the legal name;

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

(9) the telephone number of the employer.

(e) The employer must keep a copy of the notice under paragraph (d) signed by each employee acknowledging receipt of the notice. The notice must be provided to each employee in English and in the employee's native language.

(f) An employer must provide the employee any written changes to the information contained in the notice under paragraph (d) at least seven calendar days prior to the time the changes take effect. The changes must be signed by the employee before the changes go into effect. The employer must keep a signed copy of all notice of changes as well as the initial notices under paragraph (d).

Sec. 19. Minnesota Statutes 2018, section 181.101, is amended to read:

**181.101 WAGES; HOW OFTEN PAID.**

(a) Except as provided in paragraph (b), every employer must pay all wages earned by an employee at least once every ~~31~~ 16 days on a regular payday designated in advance by the employer regardless of whether the employee requests payment at longer intervals. ~~Unless paid earlier, the wages earned during the first half of the first 31 day pay period become due on the first regular payday following the first day of work. An employer's pay period must be no longer than 16 days. All wages earned in a pay period must be paid to an employee within 16 days of the end of that pay period.~~ If wages earned are not paid, the commissioner of labor and industry or the commissioner's representative may serve a demand for payment on behalf of an employee. If payment is not made within ~~ten~~ five days of service of the demand, the commissioner may charge and collect the wages earned and ~~a penalty liquidated damages~~ in the amount of the employee's average daily earnings at the employee's rate agreed upon in the contract of employment or rates of pay or at the rate or rates required by law, including any applicable statute, regulation, rule, ordinance, government resolution or policy, contract, or other legal authority, whichever rate of pay is greater, not exceeding 15 days in all, for each day beyond the ~~ten day~~ five-day limit following the demand. Money collected by the commissioner must be paid to the employee concerned. This section does not prevent an employee from prosecuting a claim for wages. This section does not prevent a school district, other public school entity, or other school, as defined under section 120A.22, from paying any wages earned by its employees during a school year on regular paydays in the manner provided by an applicable contract or collective bargaining agreement, or a personnel policy adopted by the governing board. For purposes of this section, "employee" includes a person who performs agricultural labor as defined in section 181.85, subdivision 2. For purposes of this section, wages are earned on the day an employee works.

(b) An employer of a volunteer firefighter, as defined in section 424A.001, subdivision 10, a member of an organized first responder squad that is formally recognized by a political subdivision in the state, or a volunteer ambulance driver or attendant must pay all wages earned by the volunteer firefighter, first responder, or volunteer ambulance driver or attendant at least once every 31 days, unless the employer and the employee mutually agree upon payment at longer intervals.

Sec. 20. **[181.1721] ENFORCEMENT; REMEDIES.**

Subdivision 1. Public enforcement. In addition to the enforcement of this chapter by the department, the attorney general may enforce this chapter under section 8.31.

Subd. 2. Remedies cumulative. The remedies provided in this chapter are cumulative and do not restrict any remedy that is otherwise available, including remedies provided under section 8.31. The remedies available under this section are not exclusive and are in addition to any other requirements, rights, remedies, and penalties provided by law.

Sec. 21. Minnesota Statutes 2018, section 609.52, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** In this section:

(1) "Property" means all forms of tangible property, whether real or personal, without limitation including documents of value, electricity, gas, water, corpses, domestic animals, dogs, pets, fowl, and heat supplied by pipe or conduit by municipalities or public utility companies and articles, as defined in clause (4), representing trade secrets, which articles shall be deemed for the purposes of Extra Session Laws 1967, chapter 15 to include any trade secret represented by the article.

(2) "Movable property" is property whose physical location can be changed, including without limitation things growing on, affixed to, or found in land.

(3) "Value" means the retail market value at the time of the theft, or if the retail market value cannot be ascertained, the cost of replacement of the property within a reasonable time after the theft, or in the case of a theft or the making of a copy of an article representing a trade secret, where the retail market value or replacement cost cannot be ascertained, any reasonable value representing the damage to the owner which the owner has suffered by reason of losing an advantage over those who do not know of or use the trade secret. For a check, draft, or other order for the payment of money, "value" means the amount of money promised or ordered to be paid under the terms of the check, draft, or other order. For a theft committed within the meaning of subdivision 2, clause (5), items (i) and (ii), if the property has been restored to the owner, "value" means the value of the use of the property or the damage which it sustained, whichever is greater, while the owner was deprived of its possession, but not exceeding the value otherwise provided herein. For a theft committed within the meaning of subdivision 2, clause (9), if the property has been restored to the owner, "value" means the rental value of the property, determined at the rental rate contracted by the defendant or, if no rental rate was contracted, the rental rate customarily charged by the owner for use of the property, plus any damage that occurred to the property while the owner was deprived of its possession, but not exceeding the total retail value of the property at the time of rental. For a theft committed within the meaning of subdivision 2, clause (19), "value" means the difference between wages legally required to be reported or paid to an employee and the amount actually reported or paid to the employee.

(4) "Article" means any object, material, device or substance, including any writing, record, recording, drawing, sample specimen, prototype, model, photograph, microorganism, blueprint or map, or any copy of any of the foregoing.

(5) "Representing" means describing, depicting, containing, constituting, reflecting or recording.

(6) "Trade secret" means information, including a formula, pattern, compilation, program, device, method, technique, or process, that:

(i) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and

(ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

(7) "Copy" means any facsimile, replica, photograph or other reproduction of an article, and any note, drawing, or sketch made of or from an article while in the presence of the article.

(8) "Property of another" includes property in which the actor is co-owner or has a lien, pledge, bailment, or lease or other subordinate interest, property transferred by the actor in circumstances which are known to the actor and which make the transfer fraudulent as defined in section 513.44, property possessed pursuant to a short-term

rental contract, and property of a partnership of which the actor is a member, unless the actor and the victim are husband and wife. It does not include property in which the actor asserts in good faith a claim as a collection fee or commission out of property or funds recovered, or by virtue of a lien, setoff, or counterclaim.

(9) "Services" include but are not limited to labor, professional services, transportation services, electronic computer services, the supplying of hotel accommodations, restaurant services, entertainment services, advertising services, telecommunication services, and the supplying of equipment for use including rental of personal property or equipment.

(10) "Motor vehicle" means a self-propelled device for moving persons or property or pulling implements from one place to another, whether the device is operated on land, rails, water, or in the air.

(11) "Motor fuel" has the meaning given in section 604.15, subdivision 1.

(12) "Retailer" has the meaning given in section 604.15, subdivision 1.

Sec. 22. Minnesota Statutes 2018, section 609.52, subdivision 2, is amended to read:

Subd. 2. **Acts constituting theft.** (a) Whoever does any of the following commits theft and may be sentenced as provided in subdivision 3:

(1) intentionally and without claim of right takes, uses, transfers, conceals or retains possession of movable property of another without the other's consent and with intent to deprive the owner permanently of possession of the property; or

(2) with or without having a legal interest in movable property, intentionally and without consent, takes the property out of the possession of a pledgee or other person having a superior right of possession, with intent thereby to deprive the pledgee or other person permanently of the possession of the property; or

(3) obtains for the actor or another the possession, custody, or title to property of or performance of services by a third person by intentionally deceiving the third person with a false representation which is known to be false, made with intent to defraud, and which does defraud the person to whom it is made. "False representation" includes without limitation:

(i) the issuance of a check, draft, or order for the payment of money, except a forged check as defined in section 609.631, or the delivery of property knowing that the actor is not entitled to draw upon the drawee therefor or to order the payment or delivery thereof; or

(ii) a promise made with intent not to perform. Failure to perform is not evidence of intent not to perform unless corroborated by other substantial evidence; or

(iii) the preparation or filing of a claim for reimbursement, a rate application, or a cost report used to establish a rate or claim for payment for medical care provided to a recipient of medical assistance under chapter 256B, which intentionally and falsely states the costs of or actual services provided by a vendor of medical care; or

(iv) the preparation or filing of a claim for reimbursement for providing treatment or supplies required to be furnished to an employee under section 176.135 which intentionally and falsely states the costs of or actual treatment or supplies provided; or



(v) the preparation or filing of a claim for reimbursement for providing treatment or supplies required to be furnished to an employee under section 176.135 for treatment or supplies that the provider knew were medically unnecessary, inappropriate, or excessive; or

(4) by swindling, whether by artifice, trick, device, or any other means, obtains property or services from another person; or

(5) intentionally commits any of the acts listed in this subdivision but with intent to exercise temporary control only and:

(i) the control exercised manifests an indifference to the rights of the owner or the restoration of the property to the owner; or

(ii) the actor pledges or otherwise attempts to subject the property to an adverse claim; or

(iii) the actor intends to restore the property only on condition that the owner pay a reward or buy back or make other compensation; or

(6) finds lost property and, knowing or having reasonable means of ascertaining the true owner, appropriates it to the finder's own use or to that of another not entitled thereto without first having made reasonable effort to find the owner and offer and surrender the property to the owner; or

(7) intentionally obtains property or services, offered upon the deposit of a sum of money or tokens in a coin or token operated machine or other receptacle, without making the required deposit or otherwise obtaining the consent of the owner; or

(8) intentionally and without claim of right converts any article representing a trade secret, knowing it to be such, to the actor's own use or that of another person or makes a copy of an article representing a trade secret, knowing it to be such, and intentionally and without claim of right converts the same to the actor's own use or that of another person. It shall be a complete defense to any prosecution under this clause for the defendant to show that information comprising the trade secret was rightfully known or available to the defendant from a source other than the owner of the trade secret; or

(9) leases or rents personal property under a written instrument and who:

(i) with intent to place the property beyond the control of the lessor conceals or aids or abets the concealment of the property or any part thereof; or

(ii) sells, conveys, or encumbers the property or any part thereof without the written consent of the lessor, without informing the person to whom the lessee sells, conveys, or encumbers that the same is subject to such lease or rental contract with intent to deprive the lessor of possession thereof; or

(iii) does not return the property to the lessor at the end of the lease or rental term, plus agreed-upon extensions, with intent to wrongfully deprive the lessor of possession of the property; or

(iv) returns the property to the lessor at the end of the lease or rental term, plus agreed-upon extensions, but does not pay the lease or rental charges agreed upon in the written instrument, with intent to wrongfully deprive the lessor of the agreed-upon charges.

For the purposes of items (iii) and (iv), the value of the property must be at least \$100.

Evidence that a lessee used a false, fictitious, or not current name, address, or place of employment in obtaining the property or fails or refuses to return the property or pay the rental contract charges to lessor within five days after written demand for the return has been served personally in the manner provided for service of process of a civil action or sent by certified mail to the last known address of the lessee, whichever shall occur later, shall be evidence of intent to violate this clause. Service by certified mail shall be deemed to be complete upon deposit in the United States mail of such demand, postpaid and addressed to the person at the address for the person set forth in the lease or rental agreement, or, in the absence of the address, to the person's last known place of residence; or

(10) alters, removes, or obliterates numbers or symbols placed on movable property for purpose of identification by the owner or person who has legal custody or right to possession thereof with the intent to prevent identification, if the person who alters, removes, or obliterates the numbers or symbols is not the owner and does not have the permission of the owner to make the alteration, removal, or obliteration; or

(11) with the intent to prevent the identification of property involved, so as to deprive the rightful owner of possession thereof, alters or removes any permanent serial number, permanent distinguishing number or manufacturer's identification number on personal property or possesses, sells or buys any personal property knowing or having reason to know that the permanent serial number, permanent distinguishing number or manufacturer's identification number has been removed or altered; or

(12) intentionally deprives another of a lawful charge for cable television service by:

(i) making or using or attempting to make or use an unauthorized external connection outside the individual dwelling unit whether physical, electrical, acoustical, inductive, or other connection; or by

(ii) attaching any unauthorized device to any cable, wire, microwave, or other component of a licensed cable communications system as defined in chapter 238. Nothing herein shall be construed to prohibit the electronic video rerecording of program material transmitted on the cable communications system by a subscriber for fair use as defined by Public Law 94-553, section 107; or

(13) except as provided in clauses (12) and (14), obtains the services of another with the intention of receiving those services without making the agreed or reasonably expected payment of money or other consideration; or

(14) intentionally deprives another of a lawful charge for telecommunications service by:

(i) making, using, or attempting to make or use an unauthorized connection whether physical, electrical, by wire, microwave, radio, or other means to a component of a local telecommunication system as provided in chapter 237; or

(ii) attaching an unauthorized device to a cable, wire, microwave, radio, or other component of a local telecommunication system as provided in chapter 237.

The existence of an unauthorized connection is prima facie evidence that the occupier of the premises:

(A) made or was aware of the connection; and

(B) was aware that the connection was unauthorized;

(15) with intent to defraud, diverts corporate property other than in accordance with general business purposes or for purposes other than those specified in the corporation's articles of incorporation; or

(16) with intent to defraud, authorizes or causes a corporation to make a distribution in violation of section 302A.551, or any other state law in conformity with it; or

(17) takes or drives a motor vehicle without the consent of the owner or an authorized agent of the owner, knowing or having reason to know that the owner or an authorized agent of the owner did not give consent; or

(18) intentionally, and without claim of right, takes motor fuel from a retailer without the retailer's consent and with intent to deprive the retailer permanently of possession of the fuel by driving a motor vehicle from the premises of the retailer without having paid for the fuel dispensed into the vehicle; or

(19) intentionally engages in or authorizes a prohibited practice of wage theft as described in section 181.03, subdivision 1.

(b) Proof that the driver of a motor vehicle into which motor fuel was dispensed drove the vehicle from the premises of the retailer without having paid for the fuel permits the factfinder to infer that the driver acted intentionally and without claim of right, and that the driver intended to deprive the retailer permanently of possession of the fuel. This paragraph does not apply if: (1) payment has been made to the retailer within 30 days of the receipt of notice of nonpayment under section 604.15; or (2) a written notice as described in section 604.15, subdivision 4, disputing the retailer's claim, has been sent. This paragraph does not apply to the owner of a motor vehicle if the vehicle or the vehicle's license plate has been reported stolen before the theft of the fuel.

Sec. 23. Minnesota Statutes 2018, section 609.52, subdivision 3, is amended to read:

Subd. 3. **Sentence.** Whoever commits theft may be sentenced as follows:

(1) to imprisonment for not more than 20 years or to payment of a fine of not more than \$100,000, or both, if the property is a firearm, or the value of the property or services stolen is more than \$35,000 and the conviction is for a violation of subdivision 2, clause (3), (4), (15), ~~or (16)~~, or (19), or section 609.2335, subdivision 1, clause (1) or (2), item (i); or

(2) to imprisonment for not more than ten years or to payment of a fine of not more than \$20,000, or both, if the value of the property or services stolen exceeds \$5,000, or if the property stolen was an article representing a trade secret, an explosive or incendiary device, or a controlled substance listed in Schedule I or II pursuant to section 152.02 with the exception of marijuana; or

(3) to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both, if any of the following circumstances exist:

(a) the value of the property or services stolen is more than \$1,000 but not more than \$5,000; or

(b) the property stolen was a controlled substance listed in Schedule III, IV, or V pursuant to section 152.02; or

(c) the value of the property or services stolen is more than \$500 but not more than \$1,000 and the person has been convicted within the preceding five years for an offense under this section, section 256.98; 268.182; 609.24; 609.245; 609.53; 609.582, subdivision 1, 2, or 3; 609.625; 609.63; 609.631; or 609.821, or a statute from another state, the United States, or a foreign jurisdiction, in conformity with any of those sections, and the person received a felony or gross misdemeanor sentence for the offense, or a sentence that was stayed under section 609.135 if the offense to which a plea was entered would allow imposition of a felony or gross misdemeanor sentence; or

(d) the value of the property or services stolen is not more than \$1,000, and any of the following circumstances exist:

(i) the property is taken from the person of another or from a corpse, or grave or coffin containing a corpse; or

(ii) the property is a record of a court or officer, or a writing, instrument or record kept, filed or deposited according to law with or in the keeping of any public officer or office; or

(iii) the property is taken from a burning, abandoned, or vacant building or upon its removal therefrom, or from an area of destruction caused by civil disaster, riot, bombing, or the proximity of battle; or

(iv) the property consists of public funds belonging to the state or to any political subdivision or agency thereof; or

(v) the property stolen is a motor vehicle; or

(4) to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both, if the value of the property or services stolen is more than \$500 but not more than \$1,000; or

(5) in all other cases where the value of the property or services stolen is \$500 or less, to imprisonment for not more than 90 days or to payment of a fine of not more than \$1,000, or both, provided, however, in any prosecution under subdivision 2, clauses (1), (2), (3), (4), and (13), the value of the money or property or services received by the defendant in violation of any one or more of the above provisions within any six-month period may be aggregated and the defendant charged accordingly in applying the provisions of this subdivision; provided that when two or more offenses are committed by the same person in two or more counties, the accused may be prosecuted in any county in which one of the offenses was committed for all of the offenses aggregated under this paragraph.

#### ARTICLE 6 EARNED SICK AND SAFE TIME

Section 1. Minnesota Statutes 2018, section 181.942, subdivision 1, is amended to read:

Subdivision 1. **Comparable position.** (a) An employee returning from a leave of absence under section 181.941 is entitled to return to employment in the employee's former position or in a position of comparable duties, number of hours, and pay. An employee returning from a leave of absence longer than one month must notify a supervisor at least two weeks prior to return from leave. An employee returning from a leave under section 181.9412 or ~~181.9413~~ 181.9445 is entitled to return to employment in the employee's former position.

(b) If, during a leave under sections 181.940 to 181.944, the employer experiences a layoff and the employee would have lost a position had the employee not been on leave, pursuant to the good faith operation of a bona fide layoff and recall system, including a system under a collective bargaining agreement, the employee is not entitled to reinstatement in the former or comparable position. In such circumstances, the employee retains all rights under the layoff and recall system, including a system under a collective bargaining agreement, as if the employee had not taken the leave.

Sec. 2. **[181.9445] EARNED SICK AND SAFE TIME.**

Subdivision 1. **Definitions.** (a) For the purposes of this section and section 177.50, the terms defined in this subdivision have the meanings given them.

(b) "Commissioner" means the commissioner of labor and industry or authorized designee or representative.

(c) "Domestic abuse" has the meaning given in section 518B.01.

(d) "Earned sick and safe time" means leave, including paid time off and other paid leave systems, that is paid at the same hourly rate as an employee earns from employment that may be used for the same purposes and under the same conditions as provided under subdivision 3.

(e) "Employee" means any person who is employed by an employer, including temporary and part-time employees, who performs work for at least 80 hours in a year for that employer in Minnesota. Employee does not include an independent contractor.

(f) "Employer" means a person who has one or more employees. Employer includes an individual, a corporation, a partnership, an association, a business trust, a nonprofit organization, a group of persons, a state, county, town, city, school district, or other governmental subdivision. In the event that a temporary employee is supplied by a staffing agency, absent a contractual agreement stating otherwise, that individual shall be an employee of the staffing agency for all purposes of this section and section 177.50.

(g) "Family member" means:

(1) an employee's:

(i) child, foster child, adult child, legal ward, or child for whom the employee is legal guardian;

(ii) spouse or registered domestic partner;

(iii) sibling, stepsibling, or foster sibling;

(iv) parent or stepparent;

(v) grandchild, foster grandchild, or stepgrandchild; or

(vi) grandparent or stepgrandparent;

(2) any of the family members listed in clause (1) of a spouse or registered domestic partner;

(3) any individual related by blood or affinity whose close association with the employee is the equivalent of a family relationship; and

(4) up to one individual annually designated by the employee.

(h) "Health care professional" means any person licensed under federal or state law to provide medical or emergency services, including doctors, physician assistants, nurses, and emergency room personnel.

(i) "Prevailing wage rate" has the meaning given in section 177.42 and as calculated by the Department of Labor and Industry.

(j) "Retaliatory personnel action" means:

(1) any form of intimidation, threat, reprisal, harassment, discrimination, or adverse employment action, including discipline, discharge, suspension, transfer, or reassignment to a lesser position in terms of job classification, job security, or other condition of employment; reduction in pay or hours or denial of additional hours; the accumulation of points under an attendance point system; informing another employer that the person has engaged in activities protected by this chapter; or reporting or threatening to report the actual or suspected citizenship or immigration status of an employee, former employee, or family member of an employee to a federal, state, or local agency; and

(2) interference with or punishment for participating in any manner in an investigation, proceeding, or hearing under this chapter.

(k) "Sexual assault" means an act that constitutes a violation under sections 609.342 to 609.3453 or 609.352.

(l) "Stalking" has the meaning given in section 609.749.

(m) "Year" means a regular and consecutive 12-month period, as determined by an employer and clearly communicated to each employee of that employer.

**Subd. 2. Accrual of earned sick and safe time.** (a) An employee accrues a minimum of one hour of earned sick and safe time for every 30 hours worked up to a maximum of 48 hours of earned sick and safe time in a year. Employees may not accrue more than 48 hours of earned sick and safe time in a year unless the employer agrees to a higher amount.

(b) Employers must permit an employee to carry over accrued but unused sick and safe time into the following year. The total amount of accrued but unused earned sick and safe time for an employee may not exceed 80 hours at any time, unless an employer agrees to a higher amount.

(c) Employees who are exempt from overtime requirements under United States Code, title 29, section 213(a)(1), as amended through the effective date of this section, are deemed to work 40 hours in each workweek for purposes of accruing earned sick and safe time, except that an employee whose normal workweek is less than 40 hours will accrue earned sick and safe time based on the normal workweek.

(d) Earned sick and safe time under this section begins to accrue at the commencement of employment of the employee.

(e) Employees may use accrued earned sick and safe time beginning 90 calendar days after the day their employment commenced. After 90 days from the day employment commenced, employees may use earned sick and safe time as it is accrued. The 90-calendar-day period under this paragraph includes both days worked and days not worked.

**Subd. 3. Use of earned sick and safe time.** (a) An employee may use accrued earned sick and safe time for:

(1) an employee's:

(i) mental or physical illness, injury, or other health condition;

(ii) need for medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; or

(iii) need for preventive medical or health care;

(2) care of a family member:

(i) with a mental or physical illness, injury, or other health condition;

(ii) who needs medical diagnosis, care, or treatment of a mental or physical illness, injury, or other health condition; or

(iii) who needs preventive medical or health care;

(3) absence due to domestic abuse, sexual assault, or stalking of the employee or employee's family member, provided the absence is to:

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

(ii) obtain services from a victim services organization;

(iii) obtain psychological or other counseling;

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

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

(4) closure of the employee's place of business due to weather or other public emergency or an employee's need to care for a family member whose school or place of care has been closed due to weather or other public emergency; and

(5) when it has been determined by the health authorities having jurisdiction or by a health care professional that the presence of the employee or family member of the employee in the community would jeopardize the health of others because of the exposure of the employee or family member of the employee to a communicable disease, whether or not the employee or family member has actually contracted the communicable disease.

(b) An employer may require notice of the need for use of earned sick and safe time as provided in this paragraph. If the need for use is foreseeable, an employer may require advance notice of the intention to use earned sick and safe time but must not require more than seven days' advance notice. If the need is unforeseeable, an employer may require an employee to give notice of the need for earned sick and safe time as soon as practicable.

(c) When an employee uses earned sick and safe time for more than three consecutive days, an employer may require reasonable documentation that the earned sick and safe time is covered by paragraph (a). For earned sick and safe time under paragraph (a), clauses (1) and (2), reasonable documentation may include a signed statement by a health care professional indicating the need for use of earned sick and safe time. For earned sick and safe time under paragraph (a), clause (3), an employer must accept a court record or documentation signed by a volunteer or employee of a victims services organization, an attorney, a police officer, or an antiviolence counselor as reasonable documentation. An employer must not require disclosure of details relating to domestic abuse, sexual assault, or stalking or the details of an employee's or an employee's family member's medical condition as related to an employee's request to use earned sick and safe time under this section.

(d) An employer may not require, as a condition of an employee using earned sick and safe time, that the employee seek or find a replacement worker to cover the hours the employee uses as earned sick and safe time.

(e) Earned sick and safe time may be used in the smallest increment of time tracked by the employer's payroll system, provided such increment is not more than four hours.

**Subd. 4. Retaliation prohibited.** An employer shall not take retaliatory personnel action against an employee because the employee has requested earned sick and safe time, used earned sick and safe time, requested a statement of accrued sick and safe time, or made a complaint or filed an action to enforce a right to earned sick and safe time under this section.

**Subd. 5. Reinstatement to comparable position after leave.** An employee returning from a leave under this section is entitled to return to employment in a comparable position. If, during a leave under this section, the employer experiences a layoff and the employee would have lost a position had the employee not been on leave, pursuant to the good faith operation of a bona fide layoff and recall system, including a system under a collective bargaining agreement, the employee is not entitled to reinstatement in the former or comparable position. In such circumstances, the employee retains all rights under the layoff and recall system, including a system under a collective bargaining agreement, as if the employee had not taken the leave.

Subd. 6. **Pay and benefits after leave.** An employee returning from a leave under this section is entitled to return to employment at the same rate of pay the employee had been receiving when the leave commenced, plus any automatic adjustments in the employee's pay scale that occurred during leave period. The employee returning from a leave is entitled to retain all accrued preleave benefits of employment and seniority as if there had been no interruption in service, provided that nothing under this section prevents the accrual of benefits or seniority during the leave pursuant to a collective bargaining or other agreement between the employer and employees.

Subd. 7. **Part-time return from leave.** An employee, by agreement with the employer, may return to work part time during the leave period without forfeiting the right to return to employment at the end of the leave, as provided under this section.

Subd. 8. **Notice and posting by employer.** (a) Employers must give notice to all employees that they are entitled to earned sick and safe time, including the amount of earned sick and safe time, the accrual year for the employee, and the terms of its use under this section; that retaliation against employees who request or use earned sick and safe time is prohibited; and that each employee has the right to file a complaint or bring a civil action if earned sick and safe time is denied by the employer or the employee is retaliated against for requesting or using earned sick and safe time.

(b) Employers must supply employees with a notice in English and other appropriate languages that contains the information required in paragraph (a) at commencement of employment or the effective date of this section, whichever is later.

(c) The means used by the employer must be at least as effective as the following options for providing notice:

(1) posting a copy of the notice at each location where employees perform work and where the notice must be readily observed and easily reviewed by all employees performing work; or

(2) providing a paper or electronic copy of the notice to employees.

The notice must contain all information required under paragraph (a). The commissioner shall create and make available to employers a poster and a model notice that contains the information required under paragraph (a) for their use in complying with this section.

(d) An employer that provides an employee handbook to its employees must include in the handbook notice of employee rights and remedies under this section.

Subd. 9. **Required statement to employee.** (a) Upon request of the employee, the employer must provide, in writing or electronically, current information stating the employee's amount of:

(1) earned sick and safe time available to the employee; and

(2) used earned sick and safe time.

(b) Employers may choose a reasonable system for providing the information in paragraph (a), including but not limited to listing information on each pay stub or developing an online system where employees can access their own information.

Subd. 10. **Employer records.** (a) Employers shall retain accurate records documenting hours worked by employees and earned sick and safe time taken and comply with all requirements under section 177.30.



(b) An employer must allow an employee to inspect records required by this section and relating to that employee at a reasonable time and place.

Subd. 11. **Confidentiality and nondisclosure.** (a) If, in conjunction with this section, an employer possesses (1) health or medical information regarding an employee or an employee's family member; (2) information pertaining to domestic abuse, sexual assault, or stalking; (3) information that the employee has requested or obtained leave under this section; or (4) any written or oral statement, documentation, record, or corroborating evidence provided by the employee or an employee's family member, the employer must treat such information as confidential. Information given by an employee may only be disclosed by an employer if the disclosure is requested or consented to by the employee, when ordered by a court or administrative agency, or when otherwise required by federal or state law.

(b) Records and documents relating to medical certifications, recertifications, or medical histories of employees or family members of employees created for purposes of this section or section 177.50 must be maintained as confidential medical records separate from the usual personnel files. At the request of the employee, the employer must destroy or return the records required by this section that are older than three years prior to the current calendar year.

(c) Employers may not discriminate against any employee based on records created for the purposes of this section or section 177.50.

Subd. 12. **No effect on more generous sick and safe time policies.** (a) Nothing in this section shall be construed to discourage employers from adopting or retaining earned sick and safe time policies that meet or exceed, and do not otherwise conflict with, the minimum standards and requirements provided in this section.

(b) Nothing in this section shall be construed to limit the right of parties to a collective bargaining agreement to bargain and agree with respect to earned sick and safe time policies or to diminish the obligation of an employer to comply with any contract, collective bargaining agreement, or any employment benefit program or plan that meets or exceeds, and does not otherwise conflict with, the minimum standards and requirements provided in this section.

(c) Employers who provide earned sick and safe time to their employees under a paid time off policy or other paid leave policy that meets or exceeds, and does not otherwise conflict with, the minimum standards and requirements provided in this section are not required to provide additional earned sick and safe time.

(d) An employer may opt to satisfy the requirements of this section for construction industry employees by:

(1) paying at least the prevailing wage rate as defined by section 177.42 and as calculated by the Department of Labor and Industry; or

(2) paying at least the required rate established in a registered apprenticeship agreement for apprentices registered with the Department of Labor and Industry.

An employer electing this option is deemed to be in compliance with this section for construction industry employees who receive either at least the prevailing wage rate or the rate required in the applicable apprenticeship agreement regardless of whether the employees are working on private or public projects.

(e) This section does not prohibit an employer from establishing a policy whereby employees may donate unused accrued sick and safe time to another employee.

(f) This section does not prohibit an employer from advancing sick and safe time to an employee before accrual by the employee.

Subd. 13. **Termination; separation; transfer.** This section does not require financial or other reimbursement to an employee from an employer upon the employee's termination, resignation, retirement, or other separation from employment for accrued earned sick and safe time that has not been used. If an employee is transferred to a separate division, entity, or location, but remains employed by the same employer, the employee is entitled to all earned sick and safe time accrued at the prior division, entity, or location and is entitled to use all earned sick and safe time as provided in this section. When there is a separation from employment and the employee is rehired within 180 days of separation by the same employer, previously accrued earned sick and safe time that had not been used must be reinstated. An employee is entitled to use accrued earned sick and safe time and accrue additional earned sick and safe time at the commencement of reemployment.

Subd. 14. **Employer succession.** (a) When a different employer succeeds or takes the place of an existing employer, all employees of the original employer who remain employed by the successor employer are entitled to all earned sick and safe time accrued but not used when employed by the original employer, and are entitled to use all earned sick and safe time previously accrued but not used.

(b) If, at the time of transfer of the business, employees are terminated by the original employer and hired within 30 days by the successor employer following the transfer, those employees are entitled to all earned sick and safe time accrued but not used when employed by the original employer, and are entitled to use all earned sick and safe time previously accrued but not used.

Sec. 3. **REPEALER.**

Minnesota Statutes 2018, section 181.9413, is repealed.

Sec. 4. **EFFECTIVE DATE.**

Sections 1 to 3 are effective 180 days following final enactment.

ARTICLE 7  
EARNED SICK AND SAFE TIME ENFORCEMENT

Section 1. Minnesota Statutes 2018, section 177.27, subdivision 2, is amended to read:

Subd. 2. **Submission of records; penalty.** The commissioner may require the employer of employees working in the state to submit to the commissioner photocopies, certified copies, or, if necessary, the originals of employment records which the commissioner deems necessary or appropriate. The records which may be required include full and correct statements in writing, including sworn statements by the employer, containing information relating to wages, hours, names, addresses, and any other information pertaining to the employer's employees and the conditions of their employment as the commissioner deems necessary or appropriate.

The commissioner may require the records to be submitted by certified mail delivery or, if necessary, by personal delivery by the employer or a representative of the employer, as authorized by the employer in writing.

The commissioner may fine the employer up to ~~\$1,000~~ **\$10,000** for each failure to submit or deliver records as required by this section. This penalty is in addition to any penalties provided under section 177.32, subdivision 1. In determining the amount of a civil penalty under this subdivision, the appropriateness of such penalty to the size of the employer's business and the gravity of the violation shall be considered.

Sec. 2. Minnesota Statutes 2018, section 177.27, subdivision 4, is amended to read:

Subd. 4. **Compliance orders.** The commissioner may issue an order requiring an employer to comply with sections 177.21 to 177.435, 181.02, 181.03, 181.031, 181.032, 181.101, 181.11, 181.13, 181.14, 181.145, 181.15, 181.172, paragraph (a) or (d), 181.275, subdivision 2a, 181.722, 181.79, ~~and~~ 181.939 to 181.943, and 181.9445, or with any rule promulgated under section 177.28. The commissioner shall issue an order requiring an employer to comply with sections 177.41 to 177.435 if the violation is repeated. For purposes of this subdivision only, a violation is repeated if at any time during the two years that preceded the date of violation, the commissioner issued an order to the employer for violation of sections 177.41 to 177.435 and the order is final or the commissioner and the employer have entered into a settlement agreement that required the employer to pay back wages that were required by sections 177.41 to 177.435. The department shall serve the order upon the employer or the employer's authorized representative in person or by certified mail at the employer's place of business. An employer who wishes to contest the order must file written notice of objection to the order with the commissioner within 15 calendar days after being served with the order. A contested case proceeding must then be held in accordance with sections 14.57 to 14.69. If, within 15 calendar days after being served with the order, the employer fails to file a written notice of objection with the commissioner, the order becomes a final order of the commissioner.

Sec. 3. Minnesota Statutes 2018, section 177.27, subdivision 7, is amended to read:

Subd. 7. **Employer liability.** If an employer is found by the commissioner to have violated a section identified in subdivision 4, or any rule adopted under section 177.28, and the commissioner issues an order to comply, the commissioner shall order the employer to cease and desist from engaging in the violative practice and to take such affirmative steps that in the judgment of the commissioner will effectuate the purposes of the section or rule violated. The commissioner shall order the employer to pay to the aggrieved parties back pay, gratuities, and compensatory damages, less any amount actually paid to the employee by the employer, and for an additional equal amount as liquidated damages. Any employer who is found by the commissioner to have repeatedly or willfully violated a section or sections identified in subdivision 4 shall be subject to a civil penalty of up to ~~\$1,000~~ \$10,000 for each violation for each employee. In determining the amount of a civil penalty under this subdivision, the appropriateness of such penalty to the size of the employer's business and the gravity of the violation shall be considered. In addition, the commissioner may order the employer to reimburse the department and the attorney general for all appropriate litigation and hearing costs expended in preparation for and in conducting the contested case proceeding, unless payment of costs would impose extreme financial hardship on the employer. If the employer is able to establish extreme financial hardship, then the commissioner may order the employer to pay a percentage of the total costs that will not cause extreme financial hardship. Costs include but are not limited to the costs of services rendered by the attorney general, private attorneys if engaged by the department, administrative law judges, court reporters, and expert witnesses as well as the cost of transcripts. Interest shall accrue on, and be added to, the unpaid balance of a commissioner's order from the date the order is signed by the commissioner until it is paid, at an annual rate provided in section 549.09, subdivision 1, paragraph (c). The commissioner may establish escrow accounts for purposes of distributing damages.

Sec. 4. **[177.50] EARNED SICK AND SAFE TIME ENFORCEMENT.**

Subdivision 1. **Definitions.** The definitions in section 181.9445, subdivision 1, apply to this section.

Subd. 2. **Rulemaking authority.** The commissioner may adopt rules to carry out the purposes of this section and section 181.9445.

Subd. 3. **Individual remedies.** In addition to any other remedies provided by law, a person injured by a violation of section 181.9445 may bring a civil action to recover general and special damages, along with costs, fees, and reasonable attorney fees, and may receive injunctive and other equitable relief as determined by a court. An action to recover damages under this subdivision must be commenced within three years of the violation of section 181.9445 that caused the injury to the employee.

Subd. 4. **Grants to community organizations.** The commissioner may make grants to community organizations for the purpose of outreach to and education for employees regarding their rights under section 181.9445. The community-based organizations must be selected based on their experience, capacity, and relationships in high-violation industries. The work under such a grant may include the creation and administration of a statewide worker hotline.

Subd. 5. **Report to legislature.** (a) The commissioner must submit an annual report to the legislature, including to the chairs and ranking minority members of any relevant legislative committee. The report must include, but is not limited to:

(1) a list of all violations of section 181.9445, including the employer involved, and the nature of any violations; and

(2) an analysis of noncompliance with section 181.9445, including any patterns by employer, industry, or county.

(b) A report under this section must not include an employee's name or other identifying information, any health or medical information regarding an employee or an employee's family member, or any information pertaining to domestic abuse, sexual assault, or stalking of an employee or an employee's family member.

Subd. 6. **Contract for labor or services.** It is the responsibility of all employers to not enter into any contract or agreement for labor or services where the employer has any actual knowledge or knowledge arising from familiarity with the normal facts and circumstances of the business activity engaged in, or has any additional facts or information that, taken together, would make a reasonably prudent person undertake to inquire whether, taken together, the contractor is not complying or has failed to comply with this section. For purposes of this subdivision, "actual knowledge" means information obtained by the employer that the contractor has violated this section within the past two years and has failed to present the employer with credible evidence that such noncompliance has been cured going forward.

**EFFECTIVE DATE.** This section is effective 180 days after final enactment.

## ARTICLE 8 LABOR AND INDUSTRY POLICY

Section 1. Minnesota Statutes 2018, section 15.72, subdivision 2, is amended to read:

Subd. 2. **Retainage.** (a) A public contracting agency may reserve as retainage from any progress payment on a public contract for a public improvement an amount not to exceed five percent of the payment. ~~A~~ The public contracting agency may reduce the amount of the retainage and may eliminate retainage on any monthly contract payment if, in the agency's opinion, the work is progressing satisfactorily.

(b) For all construction contracts greater than \$5,000,000, the public contracting agency must reduce retainage to no more than 2.5 percent if the public contracting agency determines the work is 75 percent or more complete, that work is progressing satisfactorily, and all contract requirements are being met.

(c) The public contracting agency must release any remaining retainage no later than 60 days after substantial completion.

(d) A contractor on a public contract for a public improvement must pay out any remaining retainage to its subcontractors no later than ten days after receiving payment of retainage from the public contracting agency, unless there is a dispute about the work under a subcontract. If there is a dispute about the work under a subcontract, the contractor must pay out retainage to any subcontractor whose work is not involved in the dispute, and must provide a written statement detailing the amount and reason for the withholding to the affected subcontractor and the public agency.

(e) A contractor may not reserve as retainage from a subcontractor an amount that exceeds the amount reserved by the public contracting agency under this subdivision. Upon written request of a subcontractor who has not been paid for work in accordance with section 16A.1245 or 471.425, subdivision 4a, the public contracting agency shall notify the subcontractor of a progress payment, retainage payment, or final payment made to the contractor. A contractor must include in any contract with a subcontractor the name, address, and telephone number of a responsible official at the public contracting agency that may be contacted for purposes of making a request under this paragraph.

(f) After substantial completion, a public contracting agency may withhold no more than:

(1) 250 percent of the value of incomplete or defective work; and

(2) one percent of the value of the contract or \$500, whichever is greater, pending completion and submission of all final paperwork by the contractor, provided that an amount withheld under this clause may not exceed \$10,000.

If the public contracting agency withholds payment under this paragraph, the public contracting agency must promptly provide a written statement detailing the amount and basis of withholding to the contractor. The public contracting agency must provide a copy of this statement to any subcontractor that requests it. Any amounts withheld for incomplete or defective work shall be paid within 45 days after the completion of the work. Any amounts withheld under clause (1) must be paid within 45 days after completion of the work. Any amounts withheld under clause (2) must be paid within 45 days after submission of all final paperwork.

(g) As used in this subdivision, "substantial completion" shall be determined as provided in section 541.051, subdivision 1, paragraph (a). For construction, reconstruction, or improvement of streets and highways, including bridges, substantial completion means the date when construction-related traffic devices and ongoing inspections are no longer required.

(h) The maximum retainage percentage allowed for a building and construction contract is the retainage percentage withheld by the public contracting agency from the contractor.

(i) Withholding retainage for warranties or warranty work is prohibited.

**EFFECTIVE DATE.** This section applies to agreements entered into on or after August 1, 2019.

Sec. 2. Minnesota Statutes 2018, section 175.46, subdivision 3, is amended to read:

Subd. 3. **Duties.** (a) The commissioner shall:

(1) approve youth skills training programs that train student learners for careers in high-growth, high-demand occupations that provide:

(i) that the work of the student learner in the occupations declared particularly hazardous shall be incidental to the training;

(ii) that the work shall be intermittent and for short periods of time, and under the direct and close supervision of a qualified and experienced person;

(iii) that safety instruction shall be provided to the student learner and may be given by the school and correlated by the employer with on-the-job training;

(iv) a schedule of organized and progressive work processes to be performed on the job;

- (v) a schedule of wage rates in compliance with section 177.24; and
- (vi) whether the student learner will obtain secondary school academic credit, postsecondary credit, or both, for the training program;
- (2) approve occupations and maintain a list of approved occupations for programs under this section;
- (3) issue requests for proposals for grants;
- (4) work with individuals representing industry and labor to develop new youth skills training programs;
- (5) develop model program guides;
- (6) monitor youth skills training programs;
- (7) provide technical assistance to local partnership grantees;
- (8) work with providers to identify paths for receiving postsecondary credit for participation in the youth skills training program; and
- (9) approve other activities as necessary to implement the program.

(b) The commissioner shall collaborate with stakeholders, including, but not limited to, representatives of secondary school institutions, career and technical education instructors, postsecondary institutions, businesses, and labor, in developing youth skills training programs, and identifying and approving occupations and competencies for youth skills training programs.

Sec. 3. Minnesota Statutes 2018, section 175.46, subdivision 13, is amended to read:

Subd. 13. **Grant awards.** (a) The commissioner shall award grants to local partnerships for youth skills training programs that train student learners for careers in high-growth, high-demand occupations. Grant awards may not exceed \$100,000 per local partnership grant.

(b) A local partnership awarded a grant under this section must use the grant award for any of the following implementation and coordination activities:

- (1) recruiting additional employers to provide on-the-job training and supervision for student learners and providing technical assistance to those employers;
- (2) recruiting students to participate in the local youth skills training program, monitoring the progress of student learners participating in the program, and monitoring program outcomes;
- (3) coordinating youth skills training activities within participating school districts and among participating school districts, postsecondary institutions, and employers;
- (4) coordinating academic, vocational and occupational learning, school-based and work-based learning, and secondary and postsecondary education for participants in the local youth skills training program;
- (5) coordinating transportation for student learners participating in the local youth skills training program; and

(6) any other implementation or coordination activity that the commissioner may direct or permit the local partnership to perform.

~~(b)~~ (c) Grant awards may not be used to directly or indirectly pay the wages of a student learner.

Sec. 4. Minnesota Statutes 2018, section 176.1812, subdivision 2, is amended to read:

Subd. 2. **Filing and review.** (a) A copy of the agreement and the approximate number of employees who will be covered under it must be filed with the commissioner. Within 21 days of receipt of an agreement, the commissioner shall review the agreement for compliance with this section and the benefit provisions of this chapter and notify the parties of any additional information required or any recommended modification that would bring the agreement into compliance. Upon receipt of any requested information or modification, the commissioner must notify the parties within 21 days whether the agreement is in compliance with this section and the benefit provisions of this chapter.

(b) After an agreement is approved by the commissioner under paragraph (a), a qualified employer may join or withdraw from a qualified group of employers without commissioner review or approval. The commissioner must be notified within 30 days when a qualified employer joins or withdraws from a qualified group of employers.

(c) In order for any agreement to remain in effect, it must provide for a timely and accurate method of reporting to the commissioner ~~necessary information regarding service cost and utilization~~ the individual claims covered by the agreement and claim-specific dispute resolution data, in the form and manner prescribed by the commissioner. Dispute resolution data includes information about facilitation, mediation, and arbitration and shall be provided annually to the commissioner to enable the commissioner to ~~annually~~ report aggregate dispute data to the legislature. The information provided to the commissioner must include aggregate data on the:

~~(i) person hours and payroll covered by agreements filed;~~

~~(ii) number of claims filed;~~

~~(iii) average cost per claim;~~

~~(iv) number of litigated claims, including the number of claims submitted to arbitration, the Workers' Compensation Court of Appeals, the Office of Administrative Hearings, the district court, the Minnesota Court of Appeals or the supreme court;~~

~~(v) number of contested claims resolved prior to arbitration;~~

~~(vi) projected incurred costs and actual costs of claims;~~

~~(vii) employer's safety history;~~

~~(viii) number of workers participating in vocational rehabilitation; and~~

~~(ix) number of workers participating in light duty programs.~~

**EFFECTIVE DATE.** Paragraphs (a) and (b) are effective June 1, 2019. Paragraph (c) is effective August 1, 2020.

Sec. 5. Minnesota Statutes 2018, section 176.231, subdivision 1, is amended to read:

Subdivision 1. **Time limitation.** (a) Where death or serious injury occurs to an employee during the course of employment, the employer shall report the injury or death to the commissioner and insurer within 48 hours after its occurrence. Where any other injury occurs which wholly or partly incapacitates the employee from performing labor or service for more than three calendar days, the employer shall report the injury to the insurer on a form prescribed by the commissioner within ten days from its occurrence. An insurer and self-insured employer shall report the injury to the commissioner no later than 14 days from its occurrence. Where an injury has once been reported but subsequently death ensues, the employer shall report the death to the commissioner and insurer within 48 hours after the employer receives notice of this fact. An employer who provides notice to the Occupational Safety and Health Division of the Department of Labor and Industry of a fatality within the eight-hour time frame required by law, or of an inpatient hospitalization within the 24-hour time frame required by law, has satisfied the employer's obligation under this section.

(b) At the time an injury is required to be reported to the commissioner, the insurer or self-insured employer must also specify whether the injury is covered by a collective bargaining agreement approved by the commissioner under section 176.1812. Notice must be provided in the format and manner prescribed by the commissioner.

**EFFECTIVE DATE.** This section is effective August 1, 2020.

Sec. 6. Minnesota Statutes 2018, section 179.86, subdivision 1, is amended to read:

Subdivision 1. **Definition.** For the purpose of this section, "employer" means:

(1) an employer ~~in the meatpacking industry.~~ whose employees routinely pack, can, or otherwise process poultry or meat for human consumption; or

(2) an employer whose employees routinely clean or sterilize meat processing or poultry processing equipment used by an employer as defined in clause (1).

Sec. 7. Minnesota Statutes 2018, section 179.86, subdivision 3, is amended to read:

Subd. 3. **Information provided to employee by employer.** (a) An employer must provide an explanation ~~in an employee's native language~~ of the employee's rights and duties as an employee either person to person or through written materials that, at a minimum, include:

- (1) a complete description of the salary and benefits plans as they relate to the employee;
- (2) a job description for the employee's position;
- (3) a description of leave policies;
- (4) a description of the work hours and work hours policy; and
- (5) a description of the occupational hazards known to exist for the position.

(b) The explanation must also include information on the following employee rights as protected by state or federal law and a description of where additional information about those rights may be obtained:

- (1) the right to organize and bargain collectively and refrain from organizing and bargaining collectively;



- (2) the right to a safe workplace; and
- (3) the right to be free from discrimination.

(c) The explanation must be provided in a language the employee speaks fluently.

Sec. 8. Minnesota Statutes 2018, section 181.635, subdivision 2, is amended to read:

Subd. 2. **Recruiting; required disclosure.** An employer shall provide written disclosure of the terms and conditions of employment to a person at the time it recruits the person to relocate to work in the food processing industry. The disclosure requirement does not apply to an exempt employee as defined in United States Code, title 29, section 213(a)(1). The disclosure must be written in ~~English and Spanish, a language the employee speaks fluently in addition to any other languages preferred by the employer.~~ The disclosure must be dated and signed by the employer and the person recruited, and maintained by the employer for two years. If the employer has any reason to doubt the employee's ability to read, the employer must read the disclosure out loud to the employee in a language the employee speaks fluently before the disclosure is signed. A copy of the signed and completed disclosure must be delivered immediately to the recruited person. The disclosure may not be construed as an employment contract.

Sec. 9. Minnesota Statutes 2018, section 182.659, subdivision 8, is amended to read:

Subd. 8. **Protection from subpoena; data.** ~~Neither the commissioner nor any employee of the department, including those employees of the Department of Health providing services to the Department of Labor and Industry, pursuant to section 182.67, subdivision 1, is subject to subpoena for purposes of inquiry into any occupational safety and health inspection except in enforcement proceedings brought under this chapter. Data that identify individuals who provide data to the department as part of an investigation conducted under this chapter shall be private.~~

Sec. 10. Minnesota Statutes 2018, section 182.666, subdivision 1, is amended to read:

Subdivision 1. **Willful or repeated violations.** Any employer who willfully or repeatedly violates the requirements of section 182.653, or any standard, rule, or order adopted under the authority of the commissioner as provided in this chapter, may be assessed a fine not to exceed ~~\$70,000~~ \$129,335 for each violation. The minimum fine for a willful violation is ~~\$5,000~~ \$9,240.

**EFFECTIVE DATE.** This section is effective July 1, 2019.

Sec. 11. Minnesota Statutes 2018, section 182.666, subdivision 2, is amended to read:

Subd. 2. **Serious violations.** Any employer who has received a citation for a serious violation of its duties under section 182.653, or any standard, rule, or order adopted under the authority of the commissioner as provided in this chapter, shall be assessed a fine not to exceed ~~\$7,000~~ \$12,935 for each violation. If a serious violation under section 182.653, subdivision 2, causes or contributes to the death of an employee, the employer shall be assessed a fine of up to ~~\$25,000~~ for each violation.

**EFFECTIVE DATE.** This section is effective July 1, 2019.

Sec. 12. Minnesota Statutes 2018, section 182.666, subdivision 3, is amended to read:

Subd. 3. **Nonserious violations.** Any employer who has received a citation for a violation of its duties under section 182.653, subdivisions 2 to 4, where the violation is specifically determined not to be of a serious nature as provided in section 182.651, subdivision 12, may be assessed a fine of up to ~~\$7,000~~ \$12,935 for each violation.

**EFFECTIVE DATE.** This section is effective July 1, 2019.

Sec. 13. Minnesota Statutes 2018, section 182.666, subdivision 4, is amended to read:

Subd. 4. **Failure to correct a violation.** Any employer who fails to correct a violation for which a citation has been issued under section 182.66 within the period permitted for its correction, which period shall not begin to run until the date of the final order of the commissioner in the case of any review proceedings under this chapter initiated by the employer in good faith and not solely for delay or avoidance of penalties, may be assessed a fine of not more than ~~\$7,000~~ \$12,935 for each day during which the failure or violation continues.

**EFFECTIVE DATE.** This section is effective July 1, 2019.

Sec. 14. Minnesota Statutes 2018, section 182.666, subdivision 5, is amended to read:

Subd. 5. **Posting violations.** Any employer who violates any of the posting requirements, as prescribed under this chapter, except those prescribed under section 182.661, subdivision 3a, shall be assessed a fine of up to ~~\$7,000~~ \$12,935 for each violation.

**EFFECTIVE DATE.** This section is effective July 1, 2019.

Sec. 15. Minnesota Statutes 2018, section 182.666, is amended by adding a subdivision to read:

Subd. 6a. **Increases for inflation.** (a) No later than August 31 of each year, beginning in 2019, the commissioner shall determine the percentage increase in the rate of inflation, as measured by the implicit price deflator, national data for personal consumption expenditures as determined by the United States Department of Commerce, Bureau of Economic Analysis during the 12-month period immediately preceding that August or, if that data is unavailable, during the most recent 12-month period for which data is available. The fines in subdivisions 1, 2, 3, 4, and 5, except for the fine for a serious violation under section 182.653, subdivision 2, that causes or contributes to the death of an employee, are increased by the lesser of (1) 2.5 percent, rounded to the nearest dollar amount evenly divisible by ten, or (2) the percentage calculated by the commissioner, rounded to the nearest dollar amount evenly divisible by ten.

(b) The fines increased under paragraph (a) shall not be increased to an amount greater than the corresponding federal penalties for the specified violations promulgated in United States Code, title 29, section, 666, subsections (a)-(d), (i), as amended through November 5, 1990, and adjusted according to United States Code, title 28, section 2461, note (Federal Civil Penalties Inflation Adjustment), as amended through November 2, 2015.

(c) A fine must not be reduced under this subdivision. A fine increased under this subdivision takes effect on the next January 1.

**EFFECTIVE DATE.** This section is effective July 1, 2019.

Sec. 16. Minnesota Statutes 2018, section 326B.082, subdivision 6, is amended to read:

Subd. 6. **Notices of violation.** (a) The commissioner may issue a notice of violation to any person who the commissioner determines has committed a violation of the applicable law. The notice of violation must state a summary of the facts that constitute the violation and the applicable law violated. The notice of violation may require the person to correct the violation. If correction is required, the notice of violation must state the deadline by which the violation must be corrected.

(b) The commissioner shall issue the notice of violation by:

(1) serving the notice of violation on the property owner or on the person who committed the violation; or

(2) posting the notice of violation at the location where the violation occurred.

(c) If the person to whom the commissioner has issued the notice of violation believes the notice was issued in error, then the person may request reconsideration of the parts of the notice that the person believes are in error. The request for reconsideration must be in writing and must be served on ~~or~~ faxed, or e-mailed to the commissioner at the address ~~or~~ fax number, or e-mail address specified in the notice of violation by the tenth day after the commissioner issued the notice of violation. The date on which a request for reconsideration is served by mail shall be the postmark date on the envelope in which the request for reconsideration is mailed. If the person does not serve ~~or~~ fax, or e-mail a written request for reconsideration or if the person's written request for reconsideration is not served on or faxed to the commissioner by the tenth day after the commissioner issued the notice of violation, the notice of violation shall become a final order of the commissioner and will not be subject to review by any court or agency. The request for reconsideration must:

- (1) specify which parts of the notice of violation the person believes are in error;
- (2) explain why the person believes the parts are in error; and
- (3) provide documentation to support the request for reconsideration.

The commissioner shall respond in writing to requests for reconsideration made under this paragraph within 15 days after receiving the request. A request for reconsideration does not stay a requirement to correct a violation as set forth in the notice of violation. After reviewing the request for reconsideration, the commissioner may affirm, modify, or rescind the notice of violation. The commissioner's response to a request for reconsideration is final and shall not be reviewed by any court or agency.

Sec. 17. Minnesota Statutes 2018, section 326B.082, subdivision 8, is amended to read:

Subd. 8. **Hearings related to administrative orders.** (a) Within 30 days after the commissioner issues an administrative order or within 20 days after the commissioner issues the notice under section 326B.083, subdivision 3, paragraph (b), clause (3), the person to whom the administrative order or notice is issued may request an expedited hearing to review the commissioner's order or notice. The request for hearing must be in writing and must be served on ~~or~~ faxed, or e-mailed to the commissioner at the address ~~or~~ fax number, or e-mail address specified in the order or notice. If the person does not request a hearing or if the person's written request for hearing is not served on ~~or~~ faxed, or e-mailed to the commissioner by the 30th day after the commissioner issues the administrative order or the 20th day after the commissioner issues the notice under section 326B.083, subdivision 3, paragraph (b), clause (3), the order will become a final order of the commissioner and will not be subject to review by any court or agency. The date on which a request for hearing is served by mail shall be the postmark date on the envelope in which the request for hearing is mailed. The hearing request must specifically state the reasons for seeking review of the order or notice. The person to whom the order or notice is issued and the commissioner are the parties to the expedited hearing. The commissioner must notify the person to whom the order or notice is issued of the time and place of the hearing at least 15 days before the hearing. The expedited hearing must be held within 45 days after a request for hearing has been received by the commissioner unless the parties agree to a later date.

(b) Parties may submit written arguments if permitted by the administrative law judge. All written arguments must be submitted within ten days following the completion of the hearing or the receipt of any late-filed exhibits that the parties and the administrative law judge have agreed should be received into the record, whichever is later. The hearing shall be conducted under Minnesota Rules, parts 1400.8510 to 1400.8612, as modified by this subdivision. The Office of Administrative Hearings may, in consultation with the agency, adopt rules specifically applicable to cases under this section.

(c) The administrative law judge shall issue a report making findings of fact, conclusions of law, and a recommended order to the commissioner within 30 days following the completion of the hearing, the receipt of late-filed exhibits, or the submission of written arguments, whichever is later.

(d) If the administrative law judge makes a finding that the hearing was requested solely for purposes of delay or that the hearing request was frivolous, the commissioner may add to the amount of the penalty the costs charged to the department by the Office of Administrative Hearings for the hearing.

(e) If a hearing has been held, the commissioner shall not issue a final order until at least five days after the date of the administrative law judge's report. Any person aggrieved by the administrative law judge's report may, within those five days, serve written comments to the commissioner on the report and the commissioner shall consider and enter the comments in the record. The commissioner's final order shall comply with sections 14.61, subdivision 2, and 14.62, subdivisions 1 and 2a, and may be appealed in the manner provided in sections 14.63 to 14.69.

Sec. 18. Minnesota Statutes 2018, section 326B.082, subdivision 12, is amended to read:

Subd. 12. **Issuance of licensing orders; hearings related to licensing orders.** (a) If the commissioner determines that a permit, license, registration, or certificate should be conditioned, limited, suspended, revoked, or denied under subdivision 11, or that the permit holder, licensee, registrant, or certificate holder should be censured under subdivision 11, then the commissioner shall issue to the person an order denying, conditioning, limiting, suspending, or revoking the person's permit, license, registration, or certificate, or censuring the permit holder, licensee, registrant, or certificate holder.

(b) Any order issued under paragraph (a) may include an assessment of monetary penalties and may require the person to cease and desist from committing the violation or committing the act, conduct, or practice set out in subdivision 11, paragraph (b). The monetary penalty may be up to \$10,000 for each violation or act, conduct, or practice committed by the person. The procedures in section 326B.083 must be followed when issuing orders under paragraph (a).

(c) The permit holder, licensee, registrant, certificate holder, or applicant to whom the commissioner issues an order under paragraph (a) shall have 30 days after issuance of the order to request a hearing. The request for hearing must be in writing and must be served on ~~or~~, faxed, or e-mailed to the commissioner at the address ~~or~~, fax number, or e-mail address specified in the order by the 30th day after issuance of the order. If the person does not request a hearing or if the person's written request for hearing is not served on ~~or~~, faxed, or e-mailed to the commissioner by the 30th day after issuance of the order, the order shall become a final order of the commissioner and will not be subject to review by any court or agency. The date on which a request for hearing is served by mail shall be the postmark date on the envelope in which the request for hearing is mailed. If the person submits to the commissioner a timely request for hearing, the order is stayed unless the commissioner summarily suspends the license, registration, certificate, or permit under subdivision 13, and a contested case hearing shall be held in accordance with chapter 14.

Sec. 19. Minnesota Statutes 2018, section 326B.103, subdivision 11, is amended to read:

Subd. 11. **Public building.** "Public building" means a building and its grounds the cost of which is paid for by the state or a state agency regardless of its cost, and a ~~school district~~ building project for a school district or charter school ~~building project~~ the cost of which is \$100,000 or more.

Sec. 20. Minnesota Statutes 2018, section 326B.106, subdivision 9, is amended to read:

Subd. 9. **Accessibility.** (a) **Public buildings.** The code must ~~provide for making~~ require new public buildings ~~constructed or remodeled after July 1, 1963, and remodeled portions of existing public buildings to be~~ accessible to and usable by persons with disabilities, ~~although this does not require the remodeling of public buildings solely to provide accessibility and usability to persons with disabilities when remodeling would not otherwise be undertaken.~~

(b) **Leased space.** No agency of the state may lease space for agency operations in a non-state-owned building unless the building satisfies the requirements of the State Building Code for accessibility by persons with disabilities, or is eligible to display the state symbol of accessibility. This limitation applies to leases of 30 days or more for space of at least 1,000 square feet.

(c) **Meetings or conferences.** Meetings or conferences for the public or for state employees which are sponsored in whole or in part by a state agency must be held in buildings that meet the State Building Code requirements relating to accessibility for persons with disabilities. This subdivision does not apply to any classes, seminars, or training programs offered by the Minnesota State Colleges and Universities or the University of Minnesota. Meetings or conferences intended for specific individuals none of whom need the accessibility features for persons with disabilities specified in the State Building Code need not comply with this subdivision unless a person with a disability gives reasonable advance notice of an intent to attend the meeting or conference. When sign language interpreters will be provided, meetings or conference sites must be chosen which allow participants who are deaf or hard-of-hearing to see the sign language interpreters clearly.

(d) **Exemptions.** The commissioner may grant an exemption from the requirements of paragraphs (b) and (c) in advance if an agency has demonstrated that reasonable efforts were made to secure facilities which complied with those requirements and if the selected facilities are the best available for access for persons with disabilities. Exemptions shall be granted using criteria developed by the commissioner in consultation with the Council on Disability.

(e) **Symbol indicating access.** The wheelchair symbol adopted by Rehabilitation International's Eleventh World Congress is the state symbol indicating buildings, facilities, and grounds which are accessible to and usable by persons with disabilities. In the interests of uniformity, this symbol is the sole symbol for display in or on all public or private buildings, facilities, and grounds which qualify for its use. The secretary of state shall obtain the symbol and keep it on file. No building, facility, or grounds may display the symbol unless it is in compliance with the rules adopted by the commissioner under subdivision 1. Before any rules are proposed for adoption under this paragraph, the commissioner shall consult with the Council on Disability. Rules adopted under this paragraph must be enforced in the same way as other accessibility rules of the State Building Code.

Sec. 21. Minnesota Statutes 2018, section 326B.46, is amended by adding a subdivision to read:

Subd. 7. **License number to be displayed.** Any vehicle used by a plumbing contractor or restricted plumbing contractor while performing plumbing work for which a contractor's license is required shall have the contractor's name and license number as it appears on the contractor's license in contrasting color with characters at least three inches high and one-half inch in width affixed to each side of the vehicle.

Sec. 22. Minnesota Statutes 2018, section 326B.475, subdivision 4, is amended to read:

Subd. 4. **Renewal; use period for license.** ~~(a)~~ A restricted master plumber and restricted journeyworker plumber license must be renewed for as long as that licensee engages in the plumbing trade. Notwithstanding section 326B.094, failure to renew a restricted master plumber and restricted journeyworker plumber license within 12 months after the expiration date will result in permanent forfeiture of the restricted master plumber and restricted journeyworker plumber license.

~~(b) The commissioner shall in a manner determined by the commissioner, without the need for any rulemaking under chapter 14, phase in the renewal of restricted master plumber and restricted journeyworker plumber licenses from one year to two years. By June 30, 2011, all restricted master plumber and restricted journeyworker plumber licenses shall be two-year licenses.~~

Sec. 23. Minnesota Statutes 2018, section 326B.802, subdivision 15, is amended to read:

Subd. 15. **Special skill.** "Special skill" means one of the following eight categories:

(a) **Excavation.** Excavation includes work in any of the following areas:

- (1) excavation;
- (2) trenching;
- (3) grading; and
- (4) site grading.

(b) **Masonry and concrete.** Masonry and concrete includes work in any of the following areas:

- (1) drain systems;
- (2) poured walls;
- (3) slabs and poured-in-place footings;
- (4) masonry walls;
- (5) masonry fireplaces;
- (6) masonry veneer; and
- (7) water resistance and waterproofing.

(c) **Carpentry.** Carpentry includes work in any of the following areas:

- (1) rough framing;
- (2) finish carpentry;
- (3) doors, windows, and skylights;
- (4) porches and decks, excluding footings;
- (5) wood foundations; and
- (6) drywall installation, excluding taping and finishing.

(d) **Interior finishing.** Interior finishing includes work in any of the following areas:

- (1) floor covering;
- (2) wood floors;
- (3) cabinet and counter top installation;

- (4) insulation and vapor barriers;
  - (5) interior or exterior painting;
  - (6) ceramic, marble, and quarry tile;
  - (7) ornamental guardrail and installation of prefabricated stairs; and
  - (8) wallpapering.
- (e) **Exterior finishing.** Exterior finishing includes work in any of the following areas:
- (1) siding;
  - (2) soffit, fascia, and trim;
  - (3) exterior plaster and stucco;
  - (4) painting; and
  - (5) rain carrying systems, including gutters and down spouts.
- (f) **Drywall and plaster.** Drywall and plaster includes work in any of the following areas:
- (1) installation;
  - (2) taping;
  - (3) finishing;
  - (4) interior plaster;
  - (5) painting; and
  - (6) wallpapering.
- (g) **Residential roofing.** Residential roofing includes work in any of the following areas:
- (1) roof coverings;
  - (2) roof sheathing;
  - (3) roof weatherproofing and insulation; ~~and~~
  - (4) repair of roof support system, but not construction of new roof support system; and
  - (5) penetration of roof covering for purposes of attaching a solar photovoltaic system.
- (h) **General installation specialties.** Installation includes work in any of the following areas:
- (1) garage doors and openers;

- (2) pools, spas, and hot tubs;
- (3) fireplaces and wood stoves;
- (4) asphalt paving and seal coating; ~~and~~
- (5) ornamental guardrail and prefabricated stairs; and
- (6) assembly of the support system for a solar photovoltaic system.

Sec. 24. Minnesota Statutes 2018, section 326B.815, subdivision 1, is amended to read:

Subdivision 1. **Fees.** (a) For the purposes of calculating fees under section 326B.092, an initial or renewed residential contractor, residential remodeler, or residential roofer license is a business license. Notwithstanding section 326B.092, the licensing fee for manufactured home installers under section 327B.041 is ~~\$300~~ \$180 for a three-year period.

(b) All initial and renewal licenses, except for manufactured home installer licenses, shall be effective for two years and shall expire on March 31 of the year after the year in which the application is made.

(c) The commissioner shall in a manner determined by the commissioner, without the need for any rulemaking under chapter 14, phase in the renewal of residential contractor, residential remodeler, and residential roofer licenses from one year to two years. By June 30, 2011, all renewed residential contractor, residential remodeler, and residential roofer licenses shall be two-year licenses.

Sec. 25. Minnesota Statutes 2018, section 326B.821, subdivision 21, is amended to read:

Subd. 21. **Residential building contractor, remodeler, and roofer education.** (a) Each licensee must, during each continuing education reporting period, complete and report one hour of continuing education relating to energy codes or energy conservation measures applicable to residential buildings and one hour of business management strategies applicable to residential construction businesses.

(b) Immediately following the adoption date of a new residential code, the commissioner may prescribe that up to seven of the required 14 hours of continuing education credit per licensure period include education hours specifically designated to instruct licensees on new or existing State Building Code provisions.

Sec. 26. Minnesota Statutes 2018, section 326B.84, is amended to read:

#### **326B.84 GROUNDS FOR SANCTIONS.**

The commissioner may use any enforcement provision in section 326B.082 against an applicant for, qualifying person of, or holder of a license or certificate of exemption, or any individual or entity who is required by law to hold a license or certificate of exemption, if the individual, entity, applicant, licensee, certificate of exemption holder, qualifying person, or owner, officer, member, managing employee, or affiliate of the applicant, licensee, or certificate of exemption holder:

(1) has filed an application for licensure or a certificate of exemption which is incomplete in any material respect or contains any statement which, in light of the circumstances under which it is made, is false or misleading with respect to any material fact;

(2) has engaged in a fraudulent, deceptive, or dishonest practice;



(3) is permanently or temporarily enjoined by any court of competent jurisdiction from engaging in or continuing any conduct or practice involving any aspect of the business;

(4) has failed to reasonably supervise employees, agents, subcontractors, or salespersons, or has performed negligently or in breach of contract, so as to cause injury or harm to the public;

(5) has violated or failed to comply with any provision of sections 326B.802 to 326B.885, any rule or order under sections 326B.802 to 326B.885, or any other law, rule, or order related to the duties and responsibilities entrusted to the commissioner;

(6) has been convicted of a violation of the State Building Code or has refused to comply with a correction order issued by a certified building official, or in local jurisdictions that have not adopted the State Building Code has refused to correct a violation of the State Building Code when the violation has been documented by a certified building official;

(7) has failed to use the proceeds of any payment made to the licensee for the construction of, or any improvement to, residential real estate, as defined in section 326B.802, subdivision 13, for the payment of labor, skill, material, and machinery contributed to the construction or improvement, knowing that the cost of any labor performed, or skill, material, or machinery furnished for the improvement remains unpaid;

(8) has not furnished to the person making payment either a valid lien waiver as to any unpaid labor performed, or skill, material, or machinery furnished for an improvement, or a payment bond in the basic amount of the contract price for the improvement conditioned for the prompt payment to any person or persons entitled to payment;

(9) has engaged in an act or practice that results in compensation to an aggrieved owner or lessee from the contractor recovery fund pursuant to section 326B.89, unless:

(i) the applicant or licensee has repaid the fund twice the amount paid from the fund, plus interest at the rate of 12 percent per year; and

(ii) the applicant or licensee has obtained a surety bond in the amount of at least \$40,000, issued by an insurer authorized to transact business in this state;

(10) has engaged in bad faith, unreasonable delays, or frivolous claims in defense of a civil lawsuit or arbitration arising out of their activities as a licensee or certificate of exemption holder under this chapter;

(11) has had a judgment entered against them for failure to make payments to employees, subcontractors, or suppliers, that the licensee has failed to satisfy and all appeals of the judgment have been exhausted or the period for appeal has expired;

(12) if unlicensed, has obtained a building permit by the fraudulent use of a fictitious license number or the license number of another, or, if licensed, has knowingly allowed an unlicensed person to use the licensee's license number for the purpose of fraudulently obtaining a building permit; or has applied for or obtained a building permit for an unlicensed person;

(13) has made use of a forged mechanic's lien waiver under chapter 514;

(14) has provided false, misleading, or incomplete information to the commissioner or has refused to allow a reasonable inspection of records or premises;

(15) has engaged in an act or practice whether or not the act or practice directly involves the business for which the person is licensed, that demonstrates that the applicant or licensee is untrustworthy, financially irresponsible, or otherwise incompetent or unqualified to act under the license granted by the commissioner; or

(16) has failed to comply with requests for information, documents, or other requests from the department within the time specified in the request or, if no time is specified, within 30 days of the mailing of the request by the department.

Sec. 27. Minnesota Statutes 2018, section 327.31, is amended by adding a subdivision to read:

Subd. 23. **Modular home.** "Modular home" means a building or structural unit of closed construction that has been substantially manufactured or constructed, in whole or in part, at an off-site location, with the final assembly occurring on site alone or with other units and attached to a foundation designed to the State Building Code and occupied as a single-family dwelling. Modular home construction must comply with applicable standards adopted in Minnesota Rules, chapter 1360 or 1361.

Sec. 28. **327.335] PLACEMENT OF MODULAR HOMES.**

A modular home may be placed in a manufactured home park as defined in section 327.14, subdivision 3. A modular home placed in a manufactured home park is a manufactured home for purposes of chapters 327C and 504B and all rights, obligations, and duties under those chapters apply. A modular home may not be placed in a manufactured home park without prior written approval of the park owner. Nothing in this section shall be construed to inhibit the application of zoning, subdivision, architectural, or esthetic requirements pursuant to chapters 394 and 462 that otherwise apply to manufactured homes and manufactured home parks. A modular home placed in a manufactured home park under this section shall be assessed and taxed as a manufactured home.

Sec. 29. Minnesota Statutes 2018, section 327B.041, is amended to read:

**327B.041 MANUFACTURED HOME INSTALLERS.**

(a) Manufactured home installers are subject to all of the fees in section 326B.092 and the requirements of sections 326B.802 to 326B.885, except for the following:

(1) manufactured home installers are not subject to the continuing education requirements of sections 326B.0981, 326B.099, and 326B.821, but are subject to the continuing education requirements established in rules adopted under section 327B.10;

(2) the examination requirement of section 326B.83, subdivision 3, for manufactured home installers shall be satisfied by successful completion of a written examination administered and developed specifically for the examination of manufactured home installers. The examination must be administered and developed by the commissioner. The commissioner and the state building official shall seek advice on the grading, monitoring, and updating of examinations from the Minnesota Manufactured Housing Association;

(3) a local government unit may not place a surcharge on a license fee, and may not charge a separate fee to installers;

(4) a dealer or distributor who does not install or repair manufactured homes is exempt from licensure under sections 326B.802 to 326B.885;

(5) the exemption under section 326B.805, subdivision 6, clause (5), does not apply; and

(6) manufactured home installers are not subject to the contractor recovery fund in section 326B.89.

(b) The commissioner may waive all or part of the requirements for licensure as a manufactured home installer for any individual who holds an unexpired license or certificate issued by any other state or other United States jurisdiction if the licensing requirements of that jurisdiction meet or exceed the corresponding licensing requirements of the department and the individual complies with section 326B.092, subdivisions 1 and 3 to 7. ~~For the purposes of calculating fees under section 326B.092, licensure as a manufactured home installer is a business license.~~

Sec. 30. Minnesota Statutes 2018, section 327C.095, subdivision 6, is amended to read:

Subd. 6. **Intent to convert use of park at time of purchase.** Before the execution of an agreement to purchase a manufactured home park, the purchaser must notify the park owner, in writing, if the purchaser intends to close the manufactured home park or convert it to another use within one year of the execution of the agreement. The park owner shall provide a resident of each manufactured home with a 45-day written notice of the purchaser's intent to close the park or convert it to another use. The notice must state that the park owner will provide information on the cash price and the terms and conditions of the purchaser's offer to residents requesting the information. The notice must be sent by first class mail to a resident of each manufactured home in the park. The notice period begins on the postmark date affixed to the notice and ends 45 days after it begins. During the notice period required in this subdivision, the owners of at least 51 percent of the manufactured homes in the park or a nonprofit organization which has the written permission of the owners of at least 51 percent of the manufactured homes in the park to represent them in the acquisition of the park shall have the right to meet the cash price and execute an agreement to purchase the park for the purposes of keeping the park as a manufactured housing community, provided that the owners or nonprofit organization will covenant and warrant to the park owner in the agreement that they will continue to operate the park for not less than six years from the date of closing. Said covenant must be in writing and recorded with the office of the county recorder or registrar of titles to remain in effect. The park owner must accept the offer if it meets the cash price and the same terms and conditions set forth in the purchaser's offer except that the seller is not obligated to provide owner financing. For purposes of this section, cash price means the cash price offer or equivalent cash offer as defined in section 500.245, subdivision 1, paragraph (d).

Sec. 31. Minnesota Statutes 2018, section 327C.095, is amended by adding a subdivision to read:

Subd. 16. **Reporting of licensed manufactured home parks.** The Department of Health or, if applicable, local units of government that have entered into a delegation of authority agreement with the Department of Health as provided in section 145A.07 shall provide, by March 31 of each year, a list of names and addresses of the manufactured home parks licensed in the previous year, and for each manufactured home park, the current licensed owner, the owner's address, the number of licensed manufactured home lots, and other data as they may request for the Department of Management and Budget to invoice each licensed manufactured home park in Minnesota.

Sec. 32. Minnesota Statutes 2018, section 337.10, subdivision 4, is amended to read:

Subd. 4. **Progress payments and retainages.** (a) Unless the building and construction contract provides otherwise, the owner or other persons making payments under the contract must make progress payments monthly as the work progresses. Payments shall be based upon estimates of work completed as approved by the owner or the owner's agent. A progress payment shall not be considered acceptance or approval of any work or waiver of any defects therein.

(b) Retainage on a building and construction contract may not exceed five percent. An owner or owner's agent may reduce the amount of retainage and may eliminate retainage on any monthly contract payment if, in the owner's opinion, the work is progressing satisfactorily. Nothing in this subdivision is intended to require that retainage be withheld in any building or construction contract. For all construction contracts greater than \$5,000,000, the owner

or the owner's agent must reduce retainage to no more than 2.5 percent if the owner or the owner's agent determines the work is 75 percent or more complete, that work is progressing satisfactorily, and all contract requirements are being met.

(c) The owner or the owner's agent must release any remaining retainage no later than 60 days after substantial completion. For purposes of this subdivision, "substantial completion" shall be determined as provided in section 541.051, subdivision 1, paragraph (a).

(e) (d) Any contractor holding retainage must reduce that retainage at the same rate reduced by the owner or the owner's agent. A contractor must pay out any remaining retainage no later than ten days after receiving payment of retainage, unless there is a dispute about the work under a subcontract, in which case the contractor must pay out retainage to any party whose work is not involved in the dispute. Nothing in this subdivision is intended to require that retainage be withheld in any building or construction contract.

(e) After substantial completion, an owner or owner's agent may withhold no more than:

(1) 250 percent of the value of incomplete or defective work; and

(2) one percent of the value of the contract or \$500, whichever is greater, pending completion and submission of all final paperwork by the contractor, provided that an amount withheld under this clause may not exceed \$10,000.

If the owner or the owner's agent withholds payment under this paragraph, the owner or the owner's agent must promptly provide a written statement detailing the amount and basis of withholding to the contractor. The owner or the owner's agent and the contractor must provide a copy of this statement to any subcontractor that requests it. Any amounts withheld for incomplete or defective work shall be paid within 45 days after the completion of the work. Any amounts withheld under clause (1) must be paid within 45 days after completion of the work. Any amounts withheld under clause (2) must be paid within 45 days after submission of all final paperwork.

(f) The maximum retainage percentage allowed for a building and construction contract is the retainage percentage withheld by the owner from the contractor.

(g) Withholding retainage for warranties or warranty work is prohibited.

(h) Retainage must not be used as collateral for the owner, owner's agent, or contractor.

(i) This subdivision does not apply to a public agency as defined in section 15.71, subdivision 3.

(j) This subdivision does not apply to contracts for professional services as defined in sections 326.02 to 326.15.

**EFFECTIVE DATE.** This section applies to agreements entered into on or after August 1, 2019.

Sec. 33. Minnesota Statutes 2018, section 341.30, subdivision 1, is amended to read:

Subdivision 1. **Licensure; individuals.** All referees, judges, promoters, trainers, ~~ring announcers~~, timekeepers, ringside physicians, combatants, ~~managers~~, and seconds are required to be licensed by the commissioner. The commissioner shall not permit any of these persons to participate in any matter with any combative sport contest unless the commissioner has first issued the person a license.

Sec. 34. Minnesota Statutes 2018, section 341.32, subdivision 1, is amended to read:

Subdivision 1. **Annual licensure.** The commissioner may establish and issue annual licenses subject to the collection of advance fees by the commissioner for promoters, ~~managers~~, judges, referees, ~~ring announcers~~, ringside physicians, timekeepers, combatants, trainers, and seconds.

Sec. 35. Minnesota Statutes 2018, section 341.321, is amended to read:

**341.321 FEE SCHEDULE.**

(a) The fee schedule for professional and amateur licenses issued by the commissioner is as follows:

- (1) referees, ~~\$80~~ \$25;
- (2) promoters, \$700;
- (3) judges and knockdown judges, ~~\$80~~ \$25;
- (4) trainers and seconds, \$80;
- ~~(5) ring announcers, \$80;~~
- ~~(6)~~ (5) timekeepers, ~~\$80~~ \$25;
- ~~(7)~~ (6) professional combatants, \$70;
- ~~(8)~~ (7) amateur combatants, \$50;
- ~~(9) managers, \$80; and~~
- ~~(10)~~ (8) ringside physicians, ~~\$80~~ \$25.

License fees for promoters are due at least six weeks prior to the combative sport contest. All other license fees shall be paid no later than the weigh-in prior to the contest. No license may be issued until all prelicensure requirements are satisfied and fees are paid.

(b) The commissioner shall establish a contest fee for each combative sport contest and shall consider the size and type of venue when establishing a contest fee. The combative sport contest fee is \$1,500 per event or not more than four percent of the gross ticket sales, whichever is greater, as determined by the commissioner when the combative sport contest is scheduled.

(c) A professional or amateur combative sport contest fee is nonrefundable and shall be paid as follows:

- (1) \$500 at the time the combative sport contest is scheduled; and
- (2) \$1,000 at the weigh-in prior to the contest.

If four percent of the gross ticket sales is greater than \$1,500, the balance is due to the commissioner within seven days of the completed contest.

(d) The commissioner may establish the maximum number of complimentary tickets allowed for each event by rule.

(e) All fees and penalties collected by the commissioner must be deposited in the commissioner account in the special revenue fund.

Sec. 36. **ADVANCES TO THE MINNESOTA MANUFACTURED HOME RELOCATION TRUST FUND.**

(a) The Housing Finance Agency or Department of Management and Budget as determined by the commissioner of management and budget, is authorized to advance up to \$400,000 from state appropriations or other resources to the Minnesota manufactured home relocation trust fund established under Minnesota Statutes, section 462A.35, if the account balance in the Minnesota manufactured home relocation trust fund is insufficient to pay the amounts claimed under Minnesota Statutes, section 327C.095, subdivision 13.

(b) The Housing Finance Agency or Department of Management and Budget shall be reimbursed from the Minnesota manufactured home relocation trust fund for any money advanced by the agency under paragraph (a) to the fund. Approved claims for payment to manufactured home owners shall be paid prior to the money being advanced by the agency or the department to the fund.

Sec. 37. **REPEALER.**

Minnesota Statutes 2018, section 325F.75, is repealed.

ARTICLE 9  
COMMERCE POLICY

Section 1. **[16C.57] CONTRACTS FOR INTERNET SERVICE; ADHERENCE TO NET NEUTRALITY.**

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

(b) "Broadband Internet access service" means:

(1) a mass-market retail service by wire or radio that provides the capability, including any capability that is incidental to and enables the operation of the communications service, to transmit data to and receive data from all or substantially all Internet endpoints;

(2) any service that provides a functional equivalent of the service described in clause (1); or

(3) any service that is used to evade the protections set forth in this section.

"Broadband Internet access service" includes service that serves end users at fixed endpoints using stationary equipment or end users using mobile stations but does not include dial-up Internet access service.

(c) "Edge provider" means any person or entity that provides (1) any content, application, or service over the Internet, or (2) a device used to access any content, application, or service over the Internet. Edge provider does not include a person or entity providing obscene material, as defined by section 617.241.

(d) "Internet service provider" means a business that provides broadband Internet access service to a customer in Minnesota.

(e) "Paid prioritization" means the management of an Internet service provider's network to directly or indirectly favor some traffic over other traffic (1) in exchange for monetary or other consideration from a third party, or (2) to benefit an affiliated entity.

**Subd. 2. Purchasing or funding broadband Internet access services; prohibitions.** A state agency or political subdivision is prohibited from entering into a contract or providing funding to purchase broadband Internet access service after August 1, 2019, that does not contain:

(1) a binding agreement in which the Internet service provider certifies to the commissioner of commerce that the Internet service provider does not engage in any of the following activities with respect to any of its Minnesota customers:

(i) block lawful content, applications, services, or nonharmful devices, subject to reasonable network management;

(ii) impair, impede, or degrade lawful Internet traffic on the basis of Internet content, application, or service, or use of a nonharmful device, subject to reasonable network management;

(iii) engage in paid prioritization;

(iv) unreasonably interfere with or unreasonably disadvantage:

(A) a customer's ability to select, access, and use broadband Internet service or lawful Internet content, applications, services, or devices of the customer's choice; or

(B) an edge provider's ability to provide lawful Internet content, applications, services, or devices to a customer, except that an Internet service provider may block content if the edge provider charges or intends to charge a fee to the Internet service provider for the content; or

(v) engage in deceptive or misleading marketing practices that misrepresent the treatment of Internet traffic or content; and

(2) provisions requiring the state agency or political subdivision, upon determining the Internet service provider has violated the binding agreement under clause (1), to unilaterally terminate the contract for broadband Internet access service and require the Internet service provider to remunerate the state agency or political subdivision for all revenues earned under the contract during the period when the violation occurred.

**Subd. 3. Other laws.** Nothing in this section (1) supersedes any obligation or authorization an Internet service provider may have consistent with or as permitted by applicable law to address the needs of emergency communications or law enforcement, public safety, or national security authorities, or (2) limits the provider's ability to meet the needs under clause (1).

**Subd. 4. Exception.** This section does not apply to a state agency or political subdivision that purchases or funds fixed broadband Internet access services in a geographic location where broadband Internet access services are only available from a single Internet service provider or who is a recipient of grant funding under section 116J.395.

**Subd. 5. Enforcement.** A violation of the certification provided under subdivision 2 must be enforced by the commissioner of commerce. An Internet service provider who materially or repeatedly violates this section is subject to a fine of not more than \$1,000 for each violation. A fine authorized by this section may be imposed by the commissioner, through a civil action brought by the commissioner under section 45.027, or by the attorney general under section 8.31 on behalf of the state of Minnesota. Fines collected under this subdivision must be deposited into the state treasury.

Sec. 2. Minnesota Statutes 2018, section 47.59, subdivision 2, is amended to read:

Subd. 2. **Application.** Extensions of credit or purchases of extensions of credit by financial institutions under sections 47.20, 47.21, 47.201, 47.204, 47.58, ~~47.60~~, 48.153, 48.185, 48.195, 59A.01 to 59A.15, 334.01, 334.011, 334.012, 334.022, 334.06, and 334.061 to 334.19 may, but need not, be made according to those sections in lieu of the authority set forth in this section to the extent those sections authorize the financial institution to make extensions of credit or purchase extensions of credit under those sections. If a financial institution elects to make an extension of credit or to purchase an extension of credit under those other sections, the extension of credit or the purchase of an extension of credit is subject to those sections and not this section, except this subdivision, and except as expressly provided in those sections. A financial institution may also charge an organization a rate of interest and any charges agreed to by the organization and may calculate and collect finance and other charges in any manner agreed to by that organization. Except for extensions of credit a financial institution elects to make under section 334.01, 334.011, 334.012, 334.022, 334.06, or 334.061 to 334.19, chapter 334 does not apply to extensions of credit made according to this section or the sections listed in this subdivision. This subdivision does not authorize a financial institution to extend credit or purchase an extension of credit under any of the sections listed in this subdivision if the financial institution is not authorized to do so under those sections. A financial institution extending credit under any of the sections listed in this subdivision shall specify in the promissory note, contract, or other loan document the section under which the extension of credit is made.

Sec. 3. Minnesota Statutes 2018, section 47.60, subdivision 2, is amended to read:

Subd. 2. **Authorization, terms, conditions, and prohibitions.** (a) ~~In lieu of the interest, finance charges, or fees in any other law,~~ A consumer small loan lender may charge ~~the following:~~ interest, finance charges, and fees which, when combined, cannot exceed an annual percentage rate, as defined in section 47.59, subdivision 1, paragraph (b), of 36 percent.

~~(1) on any amount up to and including \$50, a charge of \$5.50 may be added;~~

~~(2) on amounts in excess of \$50, but not more than \$100, a charge may be added equal to ten percent of the loan proceeds plus a \$5 administrative fee;~~

~~(3) on amounts in excess of \$100, but not more than \$250, a charge may be added equal to seven percent of the loan proceeds with a minimum of \$10 plus a \$5 administrative fee;~~

~~(4) for amounts in excess of \$250 and not greater than the maximum in subdivision 1, paragraph (a), a charge may be added equal to six percent of the loan proceeds with a minimum of \$17.50 plus a \$5 administrative fee.~~

(b) The term of a loan made under this section shall be for no more than 30 calendar days.

(c) After maturity, the contract rate must not exceed 2.75 percent per month of the remaining loan proceeds after the maturity date calculated at a rate of 1/30 of the monthly rate in the contract for each calendar day the balance is outstanding.

(d) No insurance charges or other charges must be permitted to be charged, collected, or imposed on a consumer small loan except as authorized in this section.

(e) On a loan transaction in which cash is advanced in exchange for a personal check, a return check charge may be charged as authorized by section 604.113, subdivision 2, paragraph (a). The civil penalty provisions of section 604.113, subdivision 2, paragraph (b), may not be demanded or assessed against the borrower.



(f) A loan made under this section must not be repaid by the proceeds of another loan made under this section by the same lender or related interest. The proceeds from a loan made under this section must not be applied to another loan from the same lender or related interest. No loan to a single borrower made pursuant to this section shall be split or divided and no single borrower shall have outstanding more than one loan with the result of collecting a higher charge than permitted by this section or in an aggregate amount of principal exceed at any one time the maximum of \$350.

Sec. 4. Minnesota Statutes 2018, section 47.601, subdivision 2, is amended to read:

Subd. 2. **Consumer short-term loan contract.** (a) No contract or agreement between a consumer short-term loan lender and a borrower residing in Minnesota may contain the following:

- (1) a provision selecting a law other than Minnesota law under which the contract is construed or enforced;
- (2) a provision choosing a forum for dispute resolution other than the state of Minnesota; or
- (3) a provision limiting class actions against a consumer short-term lender for violations of subdivision 3 or for making consumer short-term loans:
  - (i) without a required license issued by the commissioner; or
  - (ii) in which interest rates, fees, charges, or loan amounts exceed those allowable under section ~~47.59, subdivision 6, or~~ 47.60, subdivision 2, ~~other than by de minimis amounts if no pattern or practice exists.~~

(b) Any provision prohibited by paragraph (a) is void and unenforceable.

(c) A consumer short-term loan lender must furnish a copy of the written loan contract to each borrower. The contract and disclosures must be written in the language in which the loan was negotiated with the borrower and must contain:

- (1) the name; address, which may not be a post office box; and telephone number of the lender making the consumer short-term loan;
  - (2) the name and title of the individual employee or representative who signs the contract on behalf of the lender;
  - (3) an itemization of the fees and interest charges to be paid by the borrower;
  - (4) in bold, 24-point type, the annual percentage rate as computed under United States Code, chapter 15, section 1606; and
  - (5) a description of the borrower's payment obligations under the loan.
- (d) The holder or assignee of a check or other instrument evidencing an obligation of a borrower in connection with a consumer short-term loan takes the instrument subject to all claims by and defenses of the borrower against the consumer short-term lender.

Sec. 5. Minnesota Statutes 2018, section 47.601, subdivision 6, is amended to read:

Subd. 6. **Penalties for violation; private right of action.** (a) Except for a "bona fide error" as set forth under United States Code, chapter 15, section 1640, subsection (c), an individual or entity who violates subdivision 2 or 3 is liable to the borrower for:

- (1) all money collected or received in connection with the loan;
- (2) actual, incidental, and consequential damages;
- (3) statutory damages of up to \$1,000 per violation;
- (4) costs, disbursements, and reasonable attorney fees; and
- (5) injunctive relief.

(b) In addition to the remedies provided in paragraph (a), a loan is void, and the borrower is not obligated to pay any amounts owing if the loan is made:

- (1) by a consumer short-term lender who has not obtained an applicable license from the commissioner;
- (2) in violation of any provision of subdivision 2 or 3; or
- (3) in which interest, fees, charges, or loan amounts exceed the interest, fees, charges, or loan amounts allowable under ~~sections 47.59, subdivision 6, and section~~ section 47.60, subdivision 2.

Sec. 6. Minnesota Statutes 2018, section 53.04, subdivision 3a, is amended to read:

Subd. 3a. **Loans.** (a) The right to make loans, secured or unsecured, at the rates and on the terms and other conditions permitted under chapters 47 and 334. Loans made under this authority must be in amounts in compliance with section 53.05, clause (7). A licensee making a loan under this chapter secured by a lien on real estate shall comply with the requirements of section 47.20, subdivision 8. A licensee making a loan that is a consumer small loan, as defined in section 47.60, subdivision 1, paragraph (a), must comply with section 47.60. A licensee making a loan that is a consumer short-term loan, as defined in section 47.601, subdivision 1, paragraph (d), must comply with section 47.601.

(b) Loans made under this subdivision may be secured by real or personal property, or both. If the proceeds of a loan secured by a first lien on the borrower's primary residence are used to finance the purchase of the borrower's primary residence, the loan must comply with the provisions of section 47.20.

(c) An agency or instrumentality of the United States government or a corporation otherwise created by an act of the United States Congress or a lender approved or certified by the secretary of housing and urban development, or approved or certified by the administrator of veterans affairs, or approved or certified by the administrator of the Farmers Home Administration, or approved or certified by the Federal Home Loan Mortgage Corporation, or approved or certified by the Federal National Mortgage Association, that engages in the business of purchasing or taking assignments of mortgage loans and undertakes direct collection of payments from or enforcement of rights against borrowers arising from mortgage loans, is not required to obtain a certificate of authorization under this chapter in order to purchase or take assignments of mortgage loans from persons holding a certificate of authorization under this chapter.

(d) This subdivision does not authorize an industrial loan and thrift company to make loans under an overdraft checking plan.

Sec. 7. Minnesota Statutes 2018, section 56.131, subdivision 1, is amended to read:

Subdivision 1. **Interest rates and charges.** (a) On any loan in a principal amount not exceeding \$100,000 or 15 percent of a Minnesota corporate licensee's capital stock and surplus as defined in section 53.015, if greater, a licensee may contract for and receive interest, finance charges, and other charges as provided in section 47.59.

(b) Notwithstanding paragraph (a), a licensee making a loan that is a consumer small loan, as defined in section 47.60, subdivision 1, paragraph (a), must comply with section 47.60. A licensee making a loan that is a consumer short-term loan, as defined in section 47.601, subdivision 1, paragraph (d), must comply with section 47.601.

~~(b)~~ (c) With respect to a loan secured by an interest in real estate, and having a maturity of more than 60 months, the original schedule of installment payments must fully amortize the principal and interest on the loan. The original schedule of installment payments for any other loan secured by an interest in real estate must provide for payment amounts that are sufficient to pay all interest scheduled to be due on the loan.

~~(c)~~ (d) A licensee may contract for and collect a delinquency charge as provided for in section 47.59, subdivision 6, paragraph (a), clause (4).

~~(d)~~ (e) A licensee may grant extensions, deferments, or conversions to interest-bearing as provided in section 47.59, subdivision 5.

Sec. 8. **[58B.01] DEFINITIONS.**

Subdivision 1. **Scope.** For the purposes of this chapter, the following terms have the meanings given them.

Subd. 2. **Borrower.** "Borrower" means a resident of this state who has received or agreed to pay a student loan, or a person who shares responsibility with a resident for repaying a student loan.

Subd. 3. **Commissioner.** "Commissioner" means the commissioner of commerce.

Subd. 4. **Financial institution.** "Financial institution" means any of the following organized under the laws of this state, any other state, or the United States: a bank, bank and trust, trust company with banking powers, savings bank, savings association, or credit union.

Subd. 5. **Person in control.** "Person in control" means any member of senior management, including owners or officers, and other persons who directly or indirectly possess the power to direct or cause the direction of the management policies of an applicant or student loan servicer under this chapter, regardless of whether the person has any ownership interest in the applicant or student loan servicer. Control is presumed to exist if a person directly or indirectly owns, controls, or holds with power to vote ten percent or more of the voting stock of an applicant or student loan servicer or of a person who owns, controls, or holds with power to vote ten percent or more of the voting stock of an applicant or student loan servicer.

Subd. 6. **Servicing.** "Servicing" means:

(1) receiving any scheduled periodic payments from a borrower or notification of payments, and applying payments to the borrower's account pursuant to the terms of the student loan or of the contract governing servicing of a student loan;

(2) during a period when no payment is required on a student loan, maintaining account records for the loan and communicating with the borrower regarding the loan on behalf of the loan's holder; and

(3) interacting with a borrower, including activities to help prevent default on obligations arising from student loans, to facilitate the requirements in clauses (1) and (2).

Subd. 7. **Student loan.** "Student loan" means a government, commercial, or foundation loan for actual costs paid for tuition and reasonable education and living expenses.

Subd. 8. **Student loan servicer.** "Student loan servicer" means any person, wherever located, responsible for servicing any student loan to any borrower. Student loan servicer includes a nonbank covered person, as defined in Code of Federal Regulations, title 12, section 1090.101, who is responsible for servicing any student loan to any borrower.

**EFFECTIVE DATE.** This section is effective July 1, 2019.

Sec. 9. **[58B.02] STUDENT LOAN ADVOCATE.**

Subdivision 1. **Designation of a student loan advocate.** The commissioner must designate a student loan advocate within the Department of Commerce to provide timely assistance to any borrower.

Subd. 2. **Duties.** The student loan advocate must:

(1) receive, review, and attempt to resolve complaints from borrowers, including but not limited to attempts to resolve such complaints in collaboration with institutions of higher education, student loan servicers, and any other participants in student loan lending;

(2) compile and analyze data on borrower complaints received under clause (1);

(3) help borrowers understand the rights and responsibilities under the terms of student loans;

(4) provide information to the public, state agencies, legislators, and relevant stakeholders regarding the problems and concerns of borrowers;

(5) make recommendations for resolving the problems of borrowers;

(6) analyze and monitor the development and implementation of federal, state, and local laws, regulations, and policies relating to borrowers and recommend any changes deemed necessary;

(7) review the complete student loan history for any borrower who has provided written consent for a review;

(8) increase public awareness that the advocate is available to help resolve the student loan servicing concerns of potential and actual borrowers, institutions of higher education, student loan servicers, and any other participant in student lending; and

(9) take other actions, as necessary, to fulfill the duties of the advocate set forth in this section.

Subd. 3. **Student loan education course.** The advocate must establish and maintain a borrower education course. The course must include educational presentations and materials regarding important topics in student loans, including but not limited to:

(1) the meaning of important terminology used in student lending;

(2) documentation requirements;

(3) monthly payment obligations;

(4) income-based repayment options;

(5) the availability of state and federal loan forgiveness programs; and

(6) disclosure requirements.

Subd. 4. **Reporting.** By January 15 of each odd-numbered year, the advocate must report to the legislative committees with jurisdiction over commerce and higher education. The report must describe the advocate's implementation of this section, the outcomes achieved by the advocate in the previous two years, and recommendations to improve the regulation of student loan servicers.

**EFFECTIVE DATE.** This section is effective July 1, 2019.

Sec. 10. **[58B.03] LICENSING OF STUDENT LOAN SERVICERS.**

Subdivision 1. **License required.** A person is prohibited from directly or indirectly acting as a student loan servicer without first obtaining a license from the commissioner.

Subd. 2. **Exempt persons.** The following persons are exempt from the requirements of this chapter:

(1) a financial institution;

(2) a person servicing student loans made with the person's own funds, if no more than three student loans are made in any 12-month period;

(3) an agency, instrumentality, or political subdivision of this state that makes, services, or guarantees student loans;

(4) a person acting in a fiduciary capacity, including a trustee or receiver, as a result of a specific order issued by a court of competent jurisdiction; or

(5) a person exempted by order of the commissioner.

Subd. 3. **Application for licensure.** (a) Any person seeking to act as a student loan servicer in Minnesota must apply for a license in a form and manner specified by the commissioner. At a minimum, the application must include:

(1) a financial statement prepared by a certified public accountant or a public accountant;

(2) the history of criminal convictions, excluding traffic violations, for persons in control of the applicant;

(3) any information requested by the commissioner related to the history of criminal convictions disclosed under clause (2);

(4) a nonrefundable license fee established by the commissioner; and

(5) a nonrefundable investigation fee established by the commissioner.

(b) The commissioner may conduct a state and national criminal history records check of the applicant and of each person in control of or employed by the applicant.

Subd. 4. **Issuance of a license.** Upon receipt of a complete application for an initial license and the payment of fees for a license and investigation, the commissioner must investigate the financial condition and responsibility, character, financial and business experience, and general fitness of the applicant. The commissioner may issue a license if the commissioner finds:

(1) the applicant's financial condition is sound;

(2) the applicant's business is conducted honestly, fairly, equitably, carefully, and efficiently within the purposes and intent of this section;

(3) each person in control of the applicant is in all respects properly qualified and of good character;

(4) no person has, on behalf of the applicant, knowingly made any incorrect statement of a material fact in the application, or in any report or statement made pursuant to this section;

(5) no person has, on behalf of the applicant, knowingly omitted from an application, report, or statement made pursuant to this section any information required by the commissioner;

(6) the applicant has paid the fees required under this section; and

(7) the application has met other similar requirements, as determined by the commissioner.

Subd. 5. **Notification of a change in status.** An applicant or student loan servicer must notify the commissioner in writing of any change in the information provided in the initial license application or the most recent renewal application for a license. The notification must be received no later than ten business days after the date an event that results in the information becoming inaccurate occurs.

Subd. 6. **Term of license.** Licenses issued under this chapter expire on December 31 and are renewable on January 1.

Subd. 7. **Certificate of exemption.** (a) A person is exempt from the application procedures under subdivision 3 if the commissioner determines the person is servicing student loans in Minnesota pursuant to a contract awarded by the United States Secretary of Education under United States Code, title 20, section 1087f. Documentation of eligibility for this exemption must be in a form and manner determined by the commissioner.

(b) Upon payment of the fees under subdivision 3, a person determined eligible for the exemption under paragraph (a) must be issued a certificate of exemption and deemed to meet all the requirements of subdivision 4.

Subd. 8. **Notice.** (a) A person issued a license under subdivision 7 must provide the commissioner with written notice no less than seven days after the date the person's contract under United States Code, title 20, section 1087f, expires, is revoked, or is terminated.

(b) A person issued a license under subdivision 7 has 30 days from the date the notification under paragraph (a) is provided to complete the requirements of subdivision 3. If a person does not meet the requirements of subdivision 3 within this time period, the commissioner must immediately suspend the person's license under this chapter.

**EFFECTIVE DATE.** This section is effective January 1, 2020.

Sec. 11. **[58B.04] LICENSING MULTIPLE PLACES OF BUSINESS.**

(a) A person issued a certificate of exemption or licensed to act as a student loan servicer in Minnesota is prohibited from doing so under any other name or at any other place of business than that named in the certificate or license. Any time a student loan servicer changes the location of the servicer's place of business, the servicer must provide prior written notice to the commissioner. A student loan servicer must not maintain more than one place of business under the same certificate or license. The commissioner may issue more than one license to the same student loan servicer, provided that the servicer complies with the application procedures in section 58B.03 for each certificate or license.

(b) A certificate or license issued under this chapter is not transferable or assignable.

**EFFECTIVE DATE.** This section is effective January 1, 2020.

Sec. 12. **[58B.05] LICENSE RENEWAL.**

Subdivision 1. **Term.** Licenses are renewable on January 1 of each year.

Subd. 2. **Timely renewal.** (a) A person whose application is properly and timely filed who has not received notice of denial of renewal is considered approved for renewal. The person may continue to act as a student loan servicer whether or not the renewed license has been received on or before January 1 of the renewal year. An application to renew a license is considered timely filed if received by the commissioner, or mailed with proper postage and postmarked, by the December 15 before the renewal year. An application to renew a license is considered properly filed if made upon forms duly executed, accompanied by fees prescribed by this chapter, and containing any information that the commissioner requires.

(b) A person who fails to make a timely application to renew a license and who has not received the renewal license as of January 1 of the renewal year is unlicensed until the renewal license has been issued by the commissioner and is received by the person.

Subd. 3. **Contents of renewal application.** An application to renew an existing license must contain the information specified in section 58B.03, subdivision 3, except that only the requested information having changed from the most recent prior application need be submitted.

Subd. 4. **Cancellation.** A student loan servicer that ceases an activity or activities regulated by this chapter and desires to no longer be licensed must inform the commissioner in writing and, at the same time, surrender the license and all other symbols or indicia of licensure. The licensee must include a plan to withdraw from student loan servicing, including a timetable for the disposition of the student loans being serviced.

Subd. 5. **Renewal fees.** The following fees must be paid to the commissioner for a renewal license:

(1) a nonrefundable renewal license fee established by the commissioner; and

(2) a nonrefundable renewal investigation fee established by the commissioner.

**EFFECTIVE DATE.** This section is effective January 1, 2020.

Sec. 13. **[58B.06] DUTIES OF STUDENT LOAN SERVICERS.**

Subdivision 1. **Response requirements.** Upon receiving a written communication from a borrower, a student loan servicer must:

(1) acknowledge receipt of the communication in less than ten days from the date the written communication was received; and

(2) provide information relating to the communication and, if applicable, the action the student loan servicer will take to either (i) correct the borrower's issue, or (ii) explain why the issue cannot be corrected. This information must be provided less than 30 days from the date the written communication was received by the student loan servicer.

Subd. 2. **Overpayments.** A student loan servicer must ask a borrower in what manner the borrower would like any overpayment on a student loan that exceeds the monthly amount due to be applied to a student loan. A borrower's instruction regarding the application of overpayments is effective for the term of the loan or until the borrower provides a different instruction.

Subd. 3. **Partial payments.** A student loan servicer must apply a partial payment that is less than the amount due on a student loan in a manner that minimizes late fees and the negative impact on the borrower's credit history. If a borrower has multiple student loans with the same student loan servicer, upon receipt of a partial payment the servicer must apply the payments to satisfy as many individual loan payments as possible.

Subd. 4. **Transfer of student loan.** (a) If a borrower's student loan servicer changes pursuant to the sale, assignment, or transfer of the servicing, the original student loan servicer must:

(1) require the new student loan servicer to honor all benefits that were made available, or which may have become available, to a borrower from the original student loan servicer; and

(2) transfer to the new student loan servicer all information regarding the borrower, the account of the borrower, and the borrower's student loan, including but not limited to the repayment status of the student loan and the benefits described in clause (1).

(b) The student loan servicer must complete the transfer under clause (2) less than 45 days from the date the of the sale, assignment, or transfer of the servicing.

(c) A sale, assignment, or transfer of the servicing must be completed no less than seven days from the date the next payment is due on the student loan.

(d) A new student loan servicer must adopt policies and procedures to verify that the original student loan servicer has met the requirements of paragraph (a).

Subd. 5. **Income-driven repayment.** A student loan servicer must evaluate a borrower's eligibility for an income-driven repayment program before placing a borrower in forbearance or default.

Subd. 6. **Records.** A student loan servicer must maintain adequate records of each student loan for at least two years following the final payment on the student loan, or the sale, assignment, or transfer of the servicing.

**EFFECTIVE DATE.** This section is effective July 1, 2019, and applies to student loan contracts executed on or after that date.

Sec. 14. **[58B.07] PROHIBITED CONDUCT.**

Subdivision 1. **Misleading borrowers.** A student loan servicer must not directly or indirectly attempt to mislead a borrower.



Subd. 2. **Misrepresentation.** A student loan servicer must not (1) engage in any unfair or deceptive practice, or (2) misrepresent or omit any material information in connection with the servicing of a student loan, including but not limited to misrepresenting the amount, nature, or terms of any fee or payment due or claimed to be due on a student loan, the terms and conditions of the loan agreement, or the borrower's obligations under the loan.

Subd. 3. **Misapplication of payments.** A student loan servicer must not knowingly or negligently misapply student loan payments.

Subd. 4. **Inaccurate information.** A student loan servicer must not knowingly or negligently provide inaccurate information to any consumer reporting agency.

Subd. 5. **Reporting of payment history.** A student loan servicer must report both the favorable and unfavorable payment history of the borrower to a consumer reporting agency at least annually, if the student loan servicer regularly reports the information.

Subd. 6. **Refusal to communicate with a borrower's representative.** A student loan servicer must not refuse to communicate with a representative of the borrower who provides a written authorization signed by the borrower. The student loan servicer may adopt procedures reasonably related to verifying that the representative is in fact authorized to act on behalf of the borrower.

Subd. 7. **False statements and omissions.** A student loan servicer must not knowingly or negligently make any false statement or omission of material fact in connection with any application, information, or reports filed with the commissioner or any other federal, state, or local government agency.

Subd. 8. **Noncompliance with applicable laws.** A student loan servicer must not violate any other federal, state, or local laws, including those related to fraudulent, coercive, or dishonest practices.

Subd. 9. **Failure to respond to advocate.** (a) A student loan servicer must respond in less than 15 days from the date the student loan servicer receives a communication from the student loan advocate. This response period may be reasonably shortened by the advocate in their communication.

(b) A student loan servicer must provide a response in less than 15 days from the date the student loan servicer receives a consumer complaint submitted to the servicer by the student loan advocate. A student loan servicer may request from the advocate an extension of up to 45 days from receipt of the consumer complaint, if the request is accompanied by an explanation of why additional time is reasonable and necessary.

**EFFECTIVE DATE.** This section is effective July 1, 2019.

#### Sec. 15. **[58B.08] EXAMINATIONS.**

For the purposes of this chapter, the commissioner has the same powers with respect to examinations of student loan servicers that the commissioner has under section 46.04.

**EFFECTIVE DATE.** This section is effective January 1, 2020.

#### Sec. 16. **[58B.09] DENIAL, SUSPENSION, REVOCATION OF CERTIFICATES OF EXEMPTION AND LICENSES.**

Subdivision 1. **Powers of commissioner.** (a) The commissioner may by order take any or all of the following actions:

(1) bar a person from engaging in student loan servicing;

(2) deny, suspend, or revoke a certificate of exemption or student loan servicer license;

(3) censure a student loan servicer;

(4) impose a civil penalty as provided in section 45.027, subdivision 6; or

(5) revoke a certificate of exemption.

(b) In order to take the action in paragraph (a), the commissioner must find:

(1) the order is in the public interest; and

(2) the student loan servicer, applicant, person in control, employee, or agent has:

(i) violated any provision of this chapter, or any rule or order under this chapter;

(ii) violated any applicable provision of federal law or regulation related to student loan servicing, including but not limited to the federal Truth in Lending Act, United States Code, title 15, sections 1601 to 1667(f);

(iii) violated a standard of conduct or engaged in a fraudulent, coercive, deceptive, or dishonest act or practice, including but not limited to negligently making a false statement or knowingly omitting a material fact, whether or not the act or practice involves student loan servicing;

(iv) engaged in an act or practice that demonstrates untrustworthiness, financial irresponsibility, or incompetence, whether or not the act or practice involves student loan servicing;

(v) pled guilty or nolo contendere to or been convicted of a felony, gross misdemeanor, or misdemeanor;

(vi) paid a civil penalty or been the subject of disciplinary action by the commissioner, an order of suspension or revocation, cease and desist order, injunction order, or order barring involvement in an industry or profession issued by the commissioner or any other federal, state, or local government agency;

(vii) been found by a court of competent jurisdiction to have engaged in conduct evidencing gross negligence, fraud, misrepresentation, or deceit;

(viii) refused to cooperate with an investigation or examination by the commissioner;

(ix) failed to pay any fee or assessment imposed by the commissioner; or

(x) failed to comply with state and federal tax obligations.

**Subd. 2. Orders of the commissioner.** To begin a proceeding under this section, the commissioner must issue an order requiring the subject of the proceeding to show cause why action should not be taken against the person under this section. The order must be calculated to give reasonable notice of the time and place for the hearing and must state the reasons for entry of the order. The commissioner may by order summarily suspend a license or certificate of exemption, or summarily bar a person from engaging in student loan servicing, pending a final determination of an order to show cause. If a license or certificate of exemption is summarily suspended or if the person is summarily barred from any involvement in the servicing of student loans, pending final determination of an order to show cause, a hearing on the merits must be held within 30 days of the issuance of the order of summary suspension or bar. All hearings must be conducted under chapter 14. After the hearing, the commissioner must

enter an order disposing of the matter as the facts require. If the subject of the order fails to appear at a hearing after having been duly notified, the person is considered in default and the proceeding may be determined against the subject of the order upon consideration of the order to show cause, the allegations of which may be considered to be true.

Subd. 3. **Actions against lapsed license.** If a license or certificate of exemption lapses, or is surrendered, withdrawn, terminated, or otherwise becomes ineffective, the commissioner may institute a proceeding under this subdivision within two years after the license or certificate of exemption was last effective and enter a revocation or suspension order as of the last date the license or certificate of exemption was in effect, and may impose a civil penalty as provided under this section or section 45.027, subdivision 6.

**EFFECTIVE DATE.** This section is effective January 1, 2020.

Sec. 17. **[325F.6945] INTERNET SERVICE PROVIDERS; PROHIBITED ACTIONS.**

Subdivision 1. **Definitions.** The definitions in section 16C.57 apply to this section.

Subd. 2. **Prohibited actions.** An Internet service provider is prohibited from engaging in any of the following activities with respect to any of its Minnesota customers:

(1) block lawful content, applications, services, or nonharmful devices, subject to reasonable network management;

(2) impair, impede, or degrade lawful Internet traffic on the basis of Internet content, application, or service, or use of a nonharmful device, subject to reasonable network management;

(3) engage in paid prioritization;

(4) unreasonably interfere with or unreasonably disadvantage:

(i) a customer's ability to select, access, and use broadband Internet service or lawful Internet content, applications, services, or devices of the customer's choice; or

(ii) an edge provider's ability to provide lawful Internet content, applications, services, or devices to a customer; or

(5) engage in deceptive or misleading marketing practices that misrepresent the treatment of Internet traffic or content.

Subd. 3. **Certification required.** Prior to offering service to a customer in Minnesota, or prior to August 1, 2019, for Internet service providers already offering services to customers in Minnesota, an Internet service provider must file a document with the commissioner of commerce certifying that it does not engage in any of the activities prohibited under subdivision 2. The filing required by this subdivision must be provided prior to offering services for the first time in Minnesota, at any time after a company or entity has changed ownership or merged with another entity, or prior to offering services in Minnesota after the company has suspended service for more than 30 days. An Internet service provider is not otherwise required to make filings on an annual basis.

Subd. 4. **Other laws.** Nothing in this section (1) supersedes any obligation or authorization an Internet service provider may have consistent with or as permitted by applicable law to address the needs of emergency communications or law enforcement, public safety, or national security authorities, or (2) limits the provider's ability to meet the needs under clause (1).

Subd. 5. **Enforcement.** (a) A violation of subdivision 2 may be enforced by the commissioner of commerce under section 45.027 and by the attorney general under section 8.31. The venue for enforcement proceedings is Ramsey County.

(b) A violation of the certification provided under subdivision 3 must be enforced under section 609.48. The venue for enforcement proceedings is Ramsey County.

ARTICLE 10  
UNEMPLOYMENT INSURANCE ADVISORY COUNCIL; POLICY

Section 1. Minnesota Statutes 2018, section 268.035, subdivision 12, is amended to read:

Subd. 12. **Covered employment.** (a) "Covered employment" means ~~the following unless excluded as "noncovered employment" under subdivision 20:~~

~~(1) an employee's entire employment during the calendar quarter if:~~

~~(i) (1) 50 percent or more of the employment during the quarter is performed primarily in Minnesota;~~

~~(ii) (2) 50 percent or more of the employment during the quarter is not performed primarily in Minnesota or any other state, or Canada, but some of the employment is performed in Minnesota and the base of operations or the place from which the employment is directed or controlled is in Minnesota; or~~

~~(iii) the employment during the quarter is not performed primarily in Minnesota or any other state and the base of operations or place from which the employment is directed or controlled is not in any state where part of the employment is performed, but the employee's residence is in Minnesota during 50 percent or more of the calendar quarter;~~

~~(2) an employee's entire employment during the calendar quarter performed within the United States or Canada, if:~~

~~(i) the employment is not covered employment under the unemployment insurance program of any other state, federal law, or the law of Canada; and~~

~~(ii) the place from which the employment is directed or controlled is in Minnesota;~~

~~(3) the employment during the calendar quarter, is performed entirely outside the United States and Canada, by an employee who is a United States citizen in the employ of an American employer, if the employer's principal place of business in the United States is located in Minnesota. For the purposes of this clause, an "American employer," for the purposes of this clause, means a corporation organized under the laws of any state, an individual who is a resident of the United States, or a partnership if two thirds or more of the partners are residents of the United States, or a trust, if all of the trustees are residents of the United States, is defined under the Federal Unemployment Tax Act, United States Code title 26, chapter 23, section 3306, subsection (j)(3); and or~~

~~(4) all the employment during the calendar quarter is performed by an officer or member of the crew of an American vessel on or in connection with the vessel, if the operating on navigable waters within, or within and without, the United States, and the office from which the operations of the vessel operating on navigable waters within, or within and without, the United States are ordinarily and regularly supervised, managed, directed, and controlled is in Minnesota.~~

(b) "Covered employment" includes covered agricultural employment under subdivision 11.

(c) For the purposes of section 268.095, "covered employment" includes employment covered under an unemployment insurance program:

(1) of any other state; ~~or~~

(2) established by an act of Congress; ~~or~~

(3) the law of Canada.

(d) The percentage of employment performed under paragraph (a) is determined by the amount of hours worked.

(e) Covered employment does not include any employment defined as "noncovered employment" under subdivision 20.

Sec. 2. Minnesota Statutes 2018, section 268.035, subdivision 20, is amended to read:

Subd. 20. **Noncovered employment.** "Noncovered employment" means:

(1) employment for the United States government or an instrumentality thereof, including military service;

(2) employment for a state, other than Minnesota, or a political subdivision or instrumentality thereof;

(3) employment for a foreign government;

(4) employment covered under the federal Railroad Unemployment Insurance Act;

(5) employment for a church or convention or association of churches, or a nonprofit organization operated primarily for religious purposes that is operated, supervised, controlled, or principally supported by a church or convention or association of churches;

(6) employment for an elementary or secondary school with a curriculum that includes religious education that is operated by a church, a convention or association of churches, or a nonprofit organization that is operated, supervised, controlled, or principally supported by a church or convention or association of churches;

(7) employment for Minnesota or a political subdivision, or a nonprofit organization, of a duly ordained or licensed minister of a church in the exercise of a ministry or by a member of a religious order in the exercise of duties required by the order;

(8) employment for Minnesota or a political subdivision, or a nonprofit organization, of an individual receiving rehabilitation of "sheltered" work in a facility conducted for the purpose of carrying out a program of rehabilitation for individuals whose earning capacity is impaired by age or physical or mental deficiency or injury or a program providing "sheltered" work for individuals who because of an impaired physical or mental capacity cannot be readily absorbed in the competitive labor market. This clause applies only to services performed in a facility certified by the Rehabilitation Services Branch of the department or in a day training or habilitation program licensed by the Department of Human Services;

(9) employment for Minnesota or a political subdivision, or a nonprofit organization, of an individual receiving work relief or work training as part of an unemployment work relief or work training program financed in whole or in part by any federal agency or an agency of a state or political subdivision thereof. This clause does not apply to programs that require unemployment benefit coverage for the participants;

(10) employment for Minnesota or a political subdivision, as an elected official, a member of a legislative body, or a member of the judiciary;

(11) employment as a member of the Minnesota National Guard or Air National Guard;

(12) employment for Minnesota or a political subdivision, or instrumentality thereof, of an individual serving on a temporary basis in case of fire, flood, tornado, or similar emergency;

(13) employment as an election official or election worker for Minnesota or a political subdivision, if the compensation for that employment was less than \$1,000 in a calendar year;

(14) employment for Minnesota that is a major policy-making or advisory position in the unclassified service;

(15) employment for Minnesota in an unclassified position established under section 43A.08, subdivision 1a;

(16) employment for a political subdivision of Minnesota that is a nontenured major policy making or advisory position;

(17) domestic employment in a private household, local college club, or local chapter of a college fraternity or sorority, if the wages paid in any calendar quarter in either the current or prior calendar year to all individuals in domestic employment totaled less than \$1,000.

"Domestic employment" includes all service in the operation and maintenance of a private household, for a local college club, or local chapter of a college fraternity or sorority as distinguished from service as an employee in the pursuit of an employer's trade or business;

(18) employment of an individual by a son, daughter, or spouse, and employment of a child under the age of 18 by the child's father or mother;

(19) employment of an inmate of a custodial or penal institution;

(20) employment for a school, college, or university, by a student who is enrolled and whose primary relation to the school, college, or university is as a student. This does not include an individual whose primary relation to the school, college, or university is as an employee who also takes courses;

(21) employment of an individual who is enrolled as a student in a full-time program at a nonprofit or public educational institution that maintains a regular faculty and curriculum and has a regularly organized body of students in attendance at the place where its educational activities are carried on, taken for credit at the institution, that combines academic instruction with work experience, if the employment is an integral part of the program, and the institution has so certified to the employer, except that this clause does not apply to employment in a program established for or on behalf of an employer or group of employers;

(22) employment of a foreign college or university student who works on a seasonal or temporary basis under the J-1 visa summer work travel program described in Code of Federal Regulations, title 22, section 62.32;

~~(22)~~ (23) employment of university, college, or professional school students in an internship or other training program with the city of St. Paul or the city of Minneapolis under Laws 1990, chapter 570, article 6, section 3;

~~(23)~~ (24) employment for a hospital by a patient of the hospital. "Hospital" means an institution that has been licensed by the Department of Health as a hospital;

(24) (25) employment as a student nurse for a hospital or a nurses' training school by an individual who is enrolled and is regularly attending classes in an accredited nurses' training school;

(25) (26) employment as an intern for a hospital by an individual who has completed a four-year course in an accredited medical school;

(26) (27) employment as an insurance salesperson, by other than a corporate officer, if all the wages from the employment is solely by way of commission. The word "insurance" includes an annuity and an optional annuity;

(27) (28) employment as an officer of a township mutual insurance company or farmer's mutual insurance company under chapter 67A;

(28) (29) employment of a corporate officer, if the officer directly or indirectly, including through a subsidiary or holding company, owns 25 percent or more of the employer corporation, and employment of a member of a limited liability company, if the member directly or indirectly, including through a subsidiary or holding company, owns 25 percent or more of the employer limited liability company;

(29) (30) employment as a real estate salesperson, other than a corporate officer, if all the wages from the employment is solely by way of commission;

(30) (31) employment as a direct seller as defined in United States Code, title 26, section 3508;

(31) (32) employment of an individual under the age of 18 in the delivery or distribution of newspapers or shopping news, not including delivery or distribution to any point for subsequent delivery or distribution;

(32) (33) casual employment performed for an individual, other than domestic employment under clause (17), that does not promote or advance that employer's trade or business;

(33) (34) employment in "agricultural employment" unless it is "covered agricultural employment" under subdivision 11; or

(34) (35) if employment during one-half or more of any pay period was covered employment, all the employment for the pay period is covered employment; but if during more than one-half of any pay period the employment was noncovered employment, then all of the employment for the pay period is noncovered employment. "Pay period" means a period of not more than a calendar month for which a payment or compensation is ordinarily made to the employee by the employer.

Sec. 3. Minnesota Statutes 2018, section 268.051, subdivision 2a, is amended to read:

Subd. 2a. **Unemployment insurance tax limits reduction.** (a) If the balance in the trust fund on December 31 of any calendar year is four percent or more above the amount equal to an average high cost multiple of 1.0, future unemployment taxes payable must be reduced by all amounts above 1.0. The amount of tax reduction for any taxing employer is the same percentage of the total amount above 1.0 as the percentage of taxes paid by the employer during the calendar year is of the total amount of taxes that were paid by all ~~nonmaximum-experience rated~~ employers during the year except taxes paid by employers assigned a tax rate equal to the maximum experience rating plus the applicable base tax rate.

(b) For purposes of this subdivision, "average high cost multiple" has the meaning given in Code of Federal Regulations, title 20, section 606.3, as amended through December 31, 2015. An amount equal to an average high cost multiple of 1.0 is a federal measure of adequate reserves in relation to the state's current economy. The commissioner must calculate and publish, as soon as possible following December 31 of any calendar year, the trust fund balance on December 31 along with the amount an average high cost multiple of 1.0 equals. Actual wages paid must be used in the calculation and estimates may not be used.

(c) ~~The unemployment tax reduction under this subdivision does not apply to employers that were at assigned a tax rate equal to the maximum experience rating plus the applicable base tax rate for the year, nor to high experience rating industry employers under subdivision 5, paragraph (b).~~ Computations under paragraph (a) are not subject to the rounding requirement of section 268.034. The refund provisions of section 268.057, subdivision 7, do not apply.

(d) The unemployment tax reduction under this subdivision applies to taxes paid between March 1 and December 15 of the year following the December 31 computation under paragraph (a).

(e) ~~The amount equal to the average high cost multiple of 1.0 on December 31, 2012, must be used for the calculation under paragraph (a) but only for the calculation made on December 31, 2015. Notwithstanding paragraph (d), the tax reduction resulting from the application of this paragraph applies to unemployment taxes paid between July 1, 2016, and June 30, 2017. If there was an experience rating history transfer under subdivision 4, the successor employer must receive that portion of the predecessor employer's tax reduction equal to that portion of the experience rating history transferred. The predecessor employer retains that portion of tax reduction not transferred to the successor. This paragraph applies to that portion of the tax reduction that remains unused at the time of notice of acquisition is provided under subdivision 4, paragraph (e).~~

Sec. 4. **EFFECTIVE DATE.**

Unless otherwise specified, this article is effective October 1, 2020.

ARTICLE 11  
UNEMPLOYMENT INSURANCE ADVISORY COUNCIL; INTEREST

Section 1. Minnesota Statutes 2018, section 268.057, subdivision 5, is amended to read:

Subd. 5. **Interest on amounts past due.** If any amounts due from an employer under this chapter or section 116L.20, except late fees under section 268.044, are not received on the date due ~~the unpaid balance bears the~~ commissioner must assess interest on any amount that remains unpaid. Interest is assessed at the rate of one percent per month or any part of a month. Interest is not assessed on unpaid interest. Interest collected under this subdivision is credited to the contingent account.

**EFFECTIVE DATE.** This section is effective October 1, 2020.

Sec. 2. Minnesota Statutes 2018, section 268.18, subdivision 2b, is amended to read:

Subd. 2b. **Interest.** On any unemployment benefits obtained by misrepresentation, and any penalty amounts assessed under subdivision 2, the commissioner must assess interest ~~at the rate of one percent per month~~ on any amount that remains unpaid beginning 30 calendar days after the date of a determination of overpayment penalty. Interest is assessed at the rate of one percent per month or any part of a month. A determination of overpayment penalty must state that interest will be assessed. Interest is not assessed in the same manner as on employer debt under section 268.057, subdivision 5 on unpaid interest. Interest ~~payments~~ collected under this subdivision ~~are~~ is credited to the trust fund.

**EFFECTIVE DATE.** This section is effective October 1, 2020.

ARTICLE 12  
UNEMPLOYMENT INSURANCE ADVISORY COUNCIL; BASE PERIODS

Section 1. Minnesota Statutes 2018, section 268.035, subdivision 4, is amended to read:



Subd. 4. **Base period.** (a) "Base period," unless otherwise provided in this subdivision, means the most recent four completed calendar quarters before the effective date of an applicant's application for unemployment benefits if the application has an effective date occurring after the month following the most recent completed calendar quarter. The base period under this paragraph is as follows:

If the application for unemployment benefits is effective on or between these dates:

February 1 - March 31  
 May 1 - June 30  
 August 1 - September 30  
 November 1 - December 31

The base period is the prior:

January 1 - December 31  
 April 1 - March 31  
 July 1 - June 30  
 October 1 - September 30

(b) If an application for unemployment benefits has an effective date that is during the month following the most recent completed calendar quarter, then the base period is the first four of the most recent five completed calendar quarters before the effective date of an applicant's application for unemployment benefits. The base period under this paragraph is as follows:

If the application for unemployment benefits is effective on or between these dates:

January 1 - January 31  
 April 1 - April 30  
 July 1 - July 31  
 October 1 - October 31

The base period is the prior:

October 1 - September 30  
 January 1 - December 31  
 April 1 - March 31  
 July 1 - June 30

(c) Regardless of paragraph (a), a base period of the first four of the most recent five completed calendar quarters must be used if the applicant would have more wage credits under that base period than under a base period of the four most recent completed calendar quarters.

~~(d) If the applicant under paragraph (b) has insufficient wage credits to establish a benefit account, then a base period of the most recent four completed calendar quarters before the effective date of the applicant's application for unemployment benefits must be used.~~

~~(d)~~ (d) If the applicant has insufficient wage credits to establish a benefit account under a base period of the four most recent completed calendar quarters, or a base period of the first four of the most recent five completed calendar quarters, but during either base period the applicant received workers' compensation for temporary disability under chapter 176 or a similar federal law or similar law of another state, or if the applicant whose own serious illness caused a loss of work for which the applicant received compensation for loss of wages from some other source, the applicant may request a base period as follows:

(1) if an applicant was compensated for a loss of work of seven to 13 weeks, during a base period referred to in paragraph (a) or (b), then the base period is the first four of the most recent six completed calendar quarters before the effective date of the application for unemployment benefits;

(2) if an applicant was compensated for a loss of work of 14 to 26 weeks, during a base period referred to in paragraph (a) or (b), then the base period is the first four of the most recent seven completed calendar quarters before the effective date of the application for unemployment benefits;

(3) if an applicant was compensated for a loss of work of 27 to 39 weeks, during a base period referred to in paragraph (a) or (b), then the base period is the first four of the most recent eight completed calendar quarters before the effective date of the application for unemployment benefits; and

(4) if an applicant was compensated for a loss of work of 40 to 52 weeks, during a base period referred to in paragraph (a) or (b), then the base period is the first four of the most recent nine completed calendar quarters before the effective date of the application for unemployment benefits.

~~(f)~~ (e) No base period under this subdivision may include wage credits upon which a prior benefit account was established.

Sec. 2. Minnesota Statutes 2018, section 268.07, subdivision 1, is amended to read:

Subdivision 1. **Application for unemployment benefits; determination of benefit account.** (a) An application for unemployment benefits may be filed in person, by mail, or by electronic transmission as the commissioner may require. The applicant must be unemployed at the time the application is filed and must provide all requested information in the manner required. If the applicant is not unemployed at the time of the application or fails to provide all requested information, the communication is not an application for unemployment benefits.

(b) The commissioner must examine each application for unemployment benefits to determine the base period and the benefit year, and based upon all the covered employment in the base period the commissioner must determine the weekly unemployment benefit amount available, if any, and the maximum amount of unemployment benefits available, if any. The determination, which is a document separate and distinct from a document titled a determination of eligibility or determination of ineligibility issued under section 268.101, must be titled determination of benefit account. A determination of benefit account must be sent to the applicant and all base period employers, by mail or electronic transmission.

(c) If a base period employer did not provide wage detail information for the applicant as required under section 268.044, ~~or provided erroneous information, or wage detail is not yet due and the applicant is using a base period under section 268.035, subdivision 4, paragraph (d),~~ the commissioner may accept an applicant certification of wage credits, based upon the applicant's records, and issue a determination of benefit account.

~~(d) An employer must provide wage detail information on an applicant within five calendar days of request by the commissioner, in a manner and format requested, when:~~

~~(1) the applicant is using a base period under section 268.035, subdivision 4, paragraph (d); and~~

~~(2) wage detail under section 268.044 is not yet required to have been filed by the employer.~~

~~(e)~~ (d) The commissioner may, at any time within 24 months from the establishment of a benefit account, reconsider any determination of benefit account and make an amended determination if the commissioner finds that the wage credits listed in the determination were incorrect for any reason. An amended determination of benefit account must be promptly sent to the applicant and all base period employers, by mail or electronic transmission. This subdivision does not apply to documents titled determinations of eligibility or determinations of ineligibility issued under section 268.101.

~~(f)~~ (e) If an amended determination of benefit account reduces the weekly unemployment benefit amount or maximum amount of unemployment benefits available, any unemployment benefits that have been paid greater than the applicant was entitled is an overpayment of unemployment benefits. A determination or amended determination issued under this section that results in an overpayment of unemployment benefits must set out the amount of the overpayment and the requirement under section 268.18, subdivision 1, that the overpaid unemployment benefits must be repaid.

Sec. 3. **EFFECTIVE DATE.**

Unless otherwise specified, this article is effective January 1, 2020.

ARTICLE 13  
UNEMPLOYMENT INSURANCE ADVISORY COUNCIL; HOUSEKEEPING

Section 1. Minnesota Statutes 2018, section 268.035, subdivision 15, is amended to read:

Subd. 15. **Employment.** (a) "Employment" means service performed by:

(1) an individual who is an employee under the common law of employer-employee and not an independent contractor;

(2) an officer of a corporation;

(3) a member of a limited liability company who is an employee under the common law of employer-employee; ~~or~~

(4) an individual who is an employee under the Federal Insurance Contributions Act, United States Code, title 26, chapter 21, sections 3121(d)(3)(A) and 3121(d)(3)(D); or

~~(4)~~ (5) product demonstrators in retail stores or other locations to aid in the sale of products. The person that pays the wages is the employer.

(b) Employment does not include service as a juror.

(c) Construction industry employment is defined in subdivision 9a. Trucking and messenger/courier industry employment is defined in subdivision 25b. Rules on determining worker employment status are described under Minnesota Rules, chapter 3315.

Sec. 2. Minnesota Statutes 2018, section 268.044, subdivision 2, is amended to read:

Subd. 2. **Failure to timely file report; late fees.** (a) Any employer that fails to submit the quarterly wage detail report when due must pay a late fee of \$10 per employee, computed based upon the highest of:

(1) the number of employees reported on the last wage detail report submitted;

(2) the number of employees reported in the corresponding quarter of the prior calendar year; or

(3) if no wage detail report has ever been submitted, the number of employees listed at the time of employer registration.

The late fee is canceled if the wage detail report is received within 30 calendar days after a demand for the report is sent to the employer by mail or electronic transmission. A late fee assessed an employer may not be canceled more than twice each 12 months. The amount of the late fee assessed may not be less than \$250.

(b) If the wage detail report is not received in a manner and format prescribed by the commissioner within 30 calendar days after demand is sent under paragraph (a), the late fee assessed under paragraph (a) doubles and a renewed demand notice and notice of the increased late fee will be sent to the employer by mail or electronic transmission.

(c) Late fees due under this subdivision may be canceled, in whole or in part, under section ~~268.066 where good cause for late submission is found by the commissioner~~ 268.067.

Sec. 3. Minnesota Statutes 2018, section 268.047, subdivision 3, is amended to read:

Subd. 3. **Exceptions for taxpaying employers.** Unemployment benefits paid will not be used in computing the future tax rate of a taxpaying base period employer when:

(1) the applicant's wage credits from that employer are less than \$500;

(2) the applicant quit the employment, unless it was determined under section 268.095, to have been because of a good reason caused by the employer or because the employer notified the applicant of discharge within 30 calendar days. This exception applies ~~only~~ to unemployment benefits paid for periods after the applicant's quitting the employment and, if the applicant is rehired by the employer, continues only until the beginning of the week the applicant is rehired; or

(3) the employer discharged the applicant from employment because of employment misconduct as determined under section 268.095. This exception applies ~~only~~ to unemployment benefits paid for periods after the applicant's discharge from employment and, if the applicant is rehired by the employer, continues only until the beginning of the week the applicant is rehired.

Sec. 4. Minnesota Statutes 2018, section 268.085, subdivision 3, is amended to read:

Subd. 3. **Vacation and sick payments that delay unemployment benefits.** (a) An applicant is not eligible to receive unemployment benefits for any week the applicant is receiving, has received, or will receive vacation pay, sick pay, or personal time off pay, also known as "PTO."

This paragraph ~~only applies upon temporary, indefinite, or seasonal separation and~~ does not apply:

(1) upon a permanent separation from employment; or

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

~~Payments under this paragraph are applied to the period immediately following the temporary, indefinite, or seasonal separation.~~

~~(b) An applicant is not eligible to receive unemployment benefits for any week the applicant is receiving, has received, or will receive severance pay, bonus pay, or any other payments paid by an employer because of, upon, or after separation from employment.~~

~~This paragraph only applies if the payment is:~~

~~(1) considered wages under section 268.035, subdivision 29; or~~

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

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

~~This paragraph does not apply to earnings under subdivision 5, back pay under subdivision 6, or vacation pay, sick pay, or personal time off pay under paragraph (a).~~

~~(c) An applicant is not eligible to receive unemployment benefits for any week the applicant is receiving, has received, will receive, or has applied for pension, retirement, or annuity payments from any plan contributed to by a base period employer including the United States government. The base period employer is considered to have contributed to the plan if the contribution is excluded from the definition of wages under section 268.035, subdivision 29. If the pension, retirement, or annuity payment is paid in a lump sum, an applicant is not considered to have received a payment if:~~

~~(1) the applicant immediately deposits that payment in a qualified pension plan or account; or~~

~~(2) that payment is an early distribution for which the applicant paid an early distribution penalty under the Internal Revenue Code, United States Code, title 26, section 72(t)(1).~~

~~This paragraph does not apply to Social Security benefits under subdivision 4 or 4a.~~

~~(d)~~ (c) This subdivision applies to all the weeks of payment. The number of weeks of payment is determined as follows:

(1) if the payments are made periodically, the total of the payments to be received is divided by the applicant's last level of regular weekly pay from the employer; or

(2) if the payment is made in a lump sum, that sum is divided by the applicant's last level of regular weekly pay from the employer.

~~For purposes of this paragraph, The~~ "last level of regular weekly pay" includes commissions, bonuses, and overtime pay if that is part of the applicant's ongoing regular compensation.

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

Sec. 5. Minnesota Statutes 2018, section 268.085, subdivision 3a, is amended to read:

Subd. 3a. **Workers' compensation and disability insurance offset.** (a) An applicant is not eligible to receive unemployment benefits for any week in which the applicant is receiving or has received compensation for loss of wages equal to or in excess of the applicant's weekly unemployment benefit amount under:

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

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

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

(b) This subdivision does not apply to an applicant who has a claim pending for loss of wages under paragraph (a); however, before unemployment benefits may be paid when a claim is pending, the issue of the applicant being available for suitable employment, as required under subdivision 1, clause (4), ~~is~~ must be determined under section 268.101, subdivision 2. If the applicant later receives compensation as a result of the pending claim, the applicant is subject to ~~the provisions of paragraph (a) and the unemployment benefits paid are subject to recoupment by the commissioner to the extent that the compensation constitutes overpaid unemployment benefits~~ under section 268.18, subdivision 1.

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

Sec. 6. Minnesota Statutes 2018, section 268.085, is amended by adding a subdivision to read:

**Subd. 3b. Separation, severance, or bonus payments that delay unemployment benefits.** (a) An applicant is not eligible to receive unemployment benefits for any week the applicant is receiving, has received, or will receive separation pay, severance pay, bonus pay, or any other payments paid by an employer because of, upon, or after separation from employment. This subdivision applies if the payment is:

(1) considered wages under section 268.035, subdivision 29; or

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

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

(c) This subdivision does not apply to earnings under subdivision 5, back pay under subdivision 6, or vacation pay, sick pay, or personal time off pay under subdivision 3.

(d) This subdivision applies to all the weeks of payment. The number of weeks of payment is determined in accordance with subdivision 3, paragraph (c).

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

Sec. 7. Minnesota Statutes 2018, section 268.085, is amended by adding a subdivision to read:

**Subd. 3c. Pension or retirement payment offset.** (a) An applicant is not eligible to receive unemployment benefits for any week the applicant is receiving, has received, will receive, or has applied for pension, retirement, or annuity payments from any plan contributed to by a base period employer including the United States government. The base period employer is considered to have contributed to the plan if the contribution is excluded from the definition of wages under section 268.035, subdivision 29.

(b) If the pension, retirement, or annuity payment is paid in a lump sum, an applicant is not considered to have received a payment if:

(1) the applicant immediately deposits that payment in a qualified pension plan or account; or

(2) that payment is an early distribution for which the applicant paid an early distribution penalty under the Internal Revenue Code, United States Code, title 26, section 72(t)(1).

(c) This subdivision does not apply to Social Security benefits under subdivision 4 or 4a.

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

If the payment is made in a lump sum, that sum is divided by the applicant's last level of regular weekly pay from the employer to determine the weeks of payment.

The "last level of regular weekly pay" includes commissions, bonuses, and overtime pay if that is part of the applicant's ongoing regular compensation.

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

Sec. 8. Minnesota Statutes 2018, section 268.085, subdivision 13a, is amended to read:

Subd. 13a. **Leave of absence.** (a) An applicant on a voluntary leave of absence is ineligible for unemployment benefits for the duration of the leave of absence. An applicant on an involuntary leave of absence is not ineligible under this subdivision.

A leave of absence is voluntary when work that the applicant can then perform is available with the applicant's employer but the applicant chooses not to work. A medical leave of absence is not presumed to be voluntary.

(b) A period of vacation requested by the applicant, paid or unpaid, is a voluntary leave of absence. A vacation period assigned by an employer under: (1) a uniform vacation shutdown; (2) a collective bargaining agreement; or (3) an established employer policy, is an involuntary leave of absence.

(c) A leave of absence is a temporary stopping of work that has been approved by the employer. A ~~voluntary~~ leave of absence is not a quit ~~and an involuntary leave of absence is not~~ or a discharge from employment for purposes of ~~Section 268.095~~ does not apply to a leave of absence.

(d) An applicant who is on a paid leave of absence, whether the leave of absence is voluntary or involuntary, is ineligible for unemployment benefits for the duration of the leave.

(e) This subdivision applies to a leave of absence from a base period employer, an employer during the period between the end of the base period and the effective date of the benefit account, or an employer during the benefit year.

Sec. 9. Minnesota Statutes 2018, section 268.095, subdivision 6, is amended to read:

Subd. 6. **Employment misconduct defined.** (a) Employment misconduct means any intentional, negligent, or indifferent conduct, on the job or off the job, that ~~displays clearly:~~

~~(1)~~ is a serious violation of the standards of behavior the employer has the right to reasonably expect of the employee; ~~or,~~

~~(2) a substantial lack of concern for the employment.~~

(b) Regardless of paragraph (a), the following is not employment misconduct:

(1) conduct that was a consequence of the applicant's mental illness or impairment;

(2) conduct that was a consequence of the applicant's inefficiency or inadvertence;

(3) simple unsatisfactory conduct;

(4) conduct an average reasonable employee would have engaged in under the circumstances;

(5) conduct that was a consequence of the applicant's inability or incapacity;

(6) good faith errors in judgment if judgment was required;

(7) absence because of illness or injury of the applicant, with proper notice to the employer;

(8) absence, with proper notice to the employer, in order to provide necessary care because of the illness, injury, or disability of an immediate family member of the applicant;

(9) conduct that was a consequence of the applicant's chemical dependency, unless the applicant was previously diagnosed chemically dependent or had treatment for chemical dependency, and since that diagnosis or treatment has failed to make consistent efforts to control the chemical dependency; or

(10) conduct that was a consequence of the applicant, or an immediate family member of the applicant, being a victim of domestic abuse, sexual assault, or stalking. For the purposes of this subdivision, "domestic abuse," "sexual assault," and "stalking" have the meanings given them in subdivision 1.

(c) Regardless of paragraph (b), clause (9), conduct in violation of sections 169A.20, 169A.31, 169A.50 to 169A.53, or 171.177 that ~~interferes with or~~ adversely affects the employment is employment misconduct.

(d) If the conduct for which the applicant was discharged involved only a single incident, that is an important fact that must be considered in deciding whether the conduct rises to the level of employment misconduct under paragraph (a). This paragraph does not require that a determination under section 268.101 or decision under section 268.105 contain a specific acknowledgment or explanation that this paragraph was considered.

(e) The definition of employment misconduct provided by this subdivision is exclusive and no other definition applies.

Sec. 10. Minnesota Statutes 2018, section 268.095, subdivision 6a, is amended to read:

Subd. 6a. **Aggravated employment misconduct defined.** (a) ~~For the purpose of this section, "aggravated employment misconduct" means:~~

~~(1)~~ The commission of any act, on the job or off the job, that would amount to a gross misdemeanor or felony is aggravated employment misconduct if the act substantially interfered with the employment or had a significant adverse effect on the employment; ~~or,~~



A criminal charge or conviction is not necessary to determine aggravated employment misconduct under this paragraph. If an applicant is convicted of a gross misdemeanor or felony, the applicant is presumed to have committed the act.

~~(2)~~ (b) For an employee of a facility as defined in section 626.5572, aggravated employment misconduct includes an act of patient or resident abuse, financial exploitation, or recurring or serious neglect, as defined in section 626.5572 and applicable rules.

~~(b) If an applicant is convicted of a gross misdemeanor or felony for the same act for which the applicant was discharged, it is aggravated employment misconduct if the act substantially interfered with the employment or had a significant adverse effect on the employment.~~

(c) The definition of aggravated employment misconduct provided by this subdivision is exclusive and no other definition applies.

Sec. 11. **EFFECTIVE DATE.**

Unless otherwise specified, this article is effective October 1, 2019.

ARTICLE 14  
UNEMPLOYMENT INSURANCE ADVISORY COUNCIL; TECHNICAL

Section 1. Minnesota Statutes 2018, section 268.044, subdivision 3, is amended to read:

Subd. 3. **Missing or erroneous information.** (a) Any employer that submits the wage detail report, but fails to include all required employee information or enters erroneous information, is subject to an administrative service fee of \$25 for each employee for whom the information is partially missing or erroneous.

(b) Any employer that submits the wage detail report, but fails to include an employee, is subject to an administrative service fee equal to two percent of the total wages for each employee for whom the information is completely missing.

(c) An administrative service fee under this subdivision must be canceled under section 268.067 if the commissioner determines that the failure or error by the employer occurred because of ignorance or inadvertence.

Sec. 2. Minnesota Statutes 2018, section 268.046, subdivision 1, is amended to read:

Subdivision 1. **Tax accounts assigned.** (a) Any person that contracts with a taxpaying employer to have that person obtain the taxpaying employer's workforce and provide workers to the taxpaying employer for a fee is, as of the effective date of the contract, assigned for the duration of the contract the taxpaying employer's account under section 268.045. That tax account must be maintained by the person separate and distinct from every other tax account held by the person and identified in a manner prescribed by the commissioner. The tax account is, for the duration of the contract, considered that person's account for all purposes of this chapter. The workers obtained from the taxpaying employer and any other workers provided by that person to the taxpaying employer, including officers of the taxpaying employer as defined in section 268.035, subdivision 20, clause ~~(28)~~ (29), whose wages paid by the person are considered paid in covered employment under section 268.035, subdivision 24, for the duration of the contract between the taxpaying employer and the person, must, under section 268.044, be reported on the wage detail report under that tax account, and that person must pay any taxes due at the tax rate computed for that account under section 268.051, subdivision 2.

(b) Any workers of the taxpaying employer who are not covered by the contract under paragraph (a) must be reported by the taxpaying employer as a separate unit on the wage detail report under the tax account assigned under paragraph (a). Taxes and any other amounts due on the wages reported by the taxpaying employer under this paragraph may be paid directly by the taxpaying employer.

(c) If the taxpaying employer that contracts with a person under paragraph (a) does not have a tax account at the time of the execution of the contract, an account must be registered for the taxpaying employer under section 268.042 and the new employer tax rate under section 268.051, subdivision 5, must be assigned. The tax account is then assigned to the person as provided for in paragraph (a).

(d) A person that contracts with a taxpaying employer under paragraph (a) must, within 30 calendar days of the execution or termination of a contract, notify the commissioner by electronic transmission, in a format prescribed by the commissioner, of that execution or termination. The taxpaying employer's name, the account number assigned, and any other information required by the commissioner must be provided by that person.

(e) Any contract subject to paragraph (a) must specifically inform the taxpaying employer of the assignment of the tax account under this section and the taxpaying employer's obligation under paragraph (b). If there is a termination of the contract, the tax account is, as of the date of termination, immediately assigned to the taxpaying employer.

Sec. 3. Minnesota Statutes 2018, section 268.069, subdivision 1, is amended to read:

Subdivision 1. **Requirements.** The commissioner must pay unemployment benefits from the trust fund to an applicant who has met each of the following requirements:

(1) the applicant has filed an application for unemployment benefits and established a benefit account in accordance with section 268.07;

(2) the applicant has not been held ineligible for unemployment benefits under section 268.095 because of a quit or discharge;

(3) the applicant has met all of the ongoing eligibility requirements under section 268.085;

(4) the applicant does not have an outstanding overpayment of unemployment benefits, including any penalties or interest; and

(5) the applicant has not been held ineligible for unemployment benefits under section 268.183 ~~because of a false representation or concealment of facts.~~

Sec. 4. Minnesota Statutes 2018, section 268.105, subdivision 6, is amended to read:

Subd. 6. **Representation; fees.** (a) In any proceeding under subdivision 1 or 2, an applicant or employer may be represented by any authorized representative.

Except for services provided by an attorney-at-law, no person may charge an applicant a fee of any kind for advising, assisting, or representing an applicant in a hearing ~~or~~ on reconsideration, or in a proceeding under subdivision 7.

(b) An applicant may not be charged fees, costs, or disbursements of any kind in a proceeding before an unemployment law judge, the Minnesota Court of Appeals, or the Supreme Court of Minnesota.

(c) No attorney fees may be awarded, or costs or disbursements assessed, against the department as a result of any proceedings under this section.

Sec. 5. Minnesota Statutes 2018, section 268.145, subdivision 1, is amended to read:

Subdivision 1. **Notification.** (a) Upon filing an application for unemployment benefits, the applicant must be informed that:

- (1) unemployment benefits are subject to federal and state income tax;
- (2) there are requirements for filing estimated tax payments;
- (3) the applicant may elect to have federal income tax withheld from unemployment benefits;
- (4) if the applicant elects to have federal income tax withheld, the applicant may, in addition, elect to have Minnesota state income tax withheld; and
- (5) at any time during the benefit year the applicant may change a prior election.

(b) If an applicant elects to have federal income tax withheld, the commissioner must deduct ten percent for federal income tax. If an applicant also elects to have Minnesota state income tax withheld, the commissioner must make an additional five percent deduction for state income tax. Any ~~amounts~~ amount deducted ~~or offset~~ under ~~sections 268.155, 268.18, and 268.184~~ section 268.085 has priority over any amounts deducted under this section. Federal income tax withholding has priority over state income tax withholding.

(c) An election to have income tax withheld may not be retroactive and only applies to unemployment benefits paid after the election.

Sec. 6. Minnesota Statutes 2018, section 268.18, subdivision 5, is amended to read:

Subd. 5. **Remedies.** (a) Any method undertaken to recover an overpayment of unemployment benefits, including any penalties and interest, is not an election of a method of recovery.

(b) Intervention or lack thereof, in whole or in part, in a workers' compensation matter under section 176.361 is not an election of a remedy and does not prevent the commissioner from determining an applicant ineligible for unemployment benefits ~~or taking action under section 268.183.~~

Sec. 7. **REVISOR INSTRUCTION.**

The revisor of statutes is instructed to make the following changes in Minnesota Statutes:

- (1) delete the term "bona fide" wherever it appears in section 268.035;
- (2) replace the term "under" with "subject to" in section 268.047, subdivision 2, clause (8);
- (3) replace the term "displays clearly" with "shows" in chapter 268;
- (4) replace the term "entire" with "hearing" in section 268.105; and
- (5) replace "24 calendar months" with "eight calendar quarters" in section 268.052, subdivision 2.

Sec. 8. **EFFECTIVE DATE.**

Unless otherwise specified, this article is effective October 1, 2019.

ARTICLE 15  
UI POLICY

Section 1. Minnesota Statutes 2018, section 268.085, subdivision 8, is amended to read:

Subd. 8. **Services for school contractors.** (a) Wage credits from an employer are subject to subdivision 7; if:

(1) the employment was provided under a contract between the employer and an elementary or secondary school; and

(2) the contract was for services that the elementary or secondary school could have had performed by its employees.

(b) Wage credits from an employer are not subject to subdivision 7 if:

(1) those wage credits were earned by an employee of a private employer performing work under a contract between the employer and an elementary or secondary school; and

(2) the employment was related to bus or food services provided to the school by the employer.

ARTICLE 16  
BUREAU OF MEDIATION SERVICES POLICY

Section 1. Minnesota Statutes 2018, section 13.43, subdivision 6, is amended to read:

Subd. 6. **Access by labor organizations, Bureau of Mediation Services, Public Employment Relations Board.** Personnel data may be disseminated to labor organizations and the Public Employment Relations Board to the extent that the responsible authority determines that the dissemination is necessary to conduct elections, notify employees of fair share fee assessments, and implement the provisions of chapters 179 and 179A. Personnel data shall be disseminated to labor organizations, the Public Employment Relations Board, and ~~to~~ the Bureau of Mediation Services to the extent the dissemination is ordered or authorized by the commissioner of the Bureau of Mediation Services or the Public Employment Relations Board or its designee.

Sec. 2. **[13.7909] PUBLIC EMPLOYMENT RELATIONS BOARD DATA.**

Subdivision 1. **Definition.** For purposes of this section, "board" means the Public Employment Relations Board.

Subd. 2. **Nonpublic data.** (a) Except as provided in this subdivision, all data maintained by the board about a charge or complaint of unfair labor practices and appeals of determinations of the commissioner under section 179A.12, subdivision 11, are classified as protected nonpublic data or confidential data, and become public when admitted into evidence at a hearing conducted pursuant to section 179A.13. The data may be subject to a protective order as determined by the board or a hearing officer.

(b) Notwithstanding sections 13.43 and 181.932, the following data are public:

(1) the filing date of unfair labor practice charges;

(2) the status of unfair labor practice charges as an original or amended charge;

(3) the names and job classifications of charging parties and charged parties;

(4) the provisions of law alleged to have been violated in unfair labor practice charges;

(5) the complaint issued by the board and all data in the complaint;

(6) the full and complete record of an evidentiary hearing before a hearing officer, including the hearing transcript, exhibits admitted into evidence, and posthearing briefs, unless subject to a protective order;

(7) recommended decisions and orders of hearing officers pursuant to section 179A.13, subdivision 1, paragraph (i);

(8) exceptions to the hearing officer's recommended decision and order filed with the board pursuant to section 179A.13, subdivision 1, paragraph (k);

(9) briefs filed with the board; and

(10) decisions and orders issued by the board.

(c) Notwithstanding paragraph (a), individuals have access to their own statements provided to the board under paragraph (a).

(d) The board may make any data classified as protected nonpublic or confidential pursuant to this subdivision accessible to any person or party if the access will aid the implementation of chapters 179 and 179A or ensure due process protection of the parties.

Sec. 3. Minnesota Statutes 2018, section 179A.041, is amended by adding a subdivision to read:

Subd. 10. **Open meetings.** Chapter 13D does not apply to meetings of the board when it is deliberating on the merits of unfair labor practice charges under sections 179.11, 179.12, and 179A.13; reviewing a recommended decision and order of a hearing officer under section 179A.13; or reviewing decisions of the commissioner of the Bureau of Mediation Services relating to unfair labor practices under section 179A.12, subdivision 11.

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

Sec. 4. Laws 2014, chapter 211, section 13, as amended by Laws 2015, First Special Session chapter 1, article 7, section 1, Laws 2016, chapter 189, article 7, section 42, and Laws 2017, chapter 94, article 12, section 1, is amended to read:

Sec. 13. **EFFECTIVE DATE.**

Sections 1 to 3 and 6 to 11 are effective ~~July~~ January 1, 2020. Sections 4, 5, and 12 are effective July 1, 2014.

**EFFECTIVE DATE.** This section is effective the day following final enactment. Until January 1, 2020, any employee, employer, employee or employer organization, exclusive representative, or any other person or organization aggrieved by an unfair labor practice as defined in Minnesota Statutes, section 179A.13, may bring an action for injunctive relief and for damages caused by the unfair labor practice in the district court of the county in which the practice is alleged to have occurred.

ARTICLE 17  
UNCLAIMED PROPERTY; GENERAL

Section 1. [345A.101] DEFINITIONS.

(1) For the purposes of this chapter, the terms defined in this section have the meanings given them.

(2) "Administrator" means the commissioner of commerce.

(3) "Administrator's agent" means a person with which the administrator contracts to conduct an examination under this chapter on behalf of the administrator. The term includes an independent contractor of the person and each individual participating in the examination on behalf of the person or contractor.

(4) "Affiliated group of merchants" means two or more affiliated merchants or other persons that are related by common ownership or common corporate control and that share the same name, mark, or logo. Affiliated group of merchants also applies to two or more merchants or other persons that agree among themselves, by contract or otherwise, to redeem cards, codes, or other devices bearing the same name, mark, or logo, other than the mark, logo, or brand of a payment network, for the purchase of goods or services solely at such merchants or persons. However, merchants or other persons are not considered affiliated merely because they agree to accept a card that bears the mark, logo, or brand of a payment network.

(5) "Apparent owner" means a person whose name appears on the records of a holder as the owner of property held, issued, or owing by the holder.

(6) "Business association" means a corporation, joint stock company, investment company, other than an investment company registered under the Investment Company Act of 1940, as amended, United States Code, title 15, sections 80a-1 to 80a-64, partnership, unincorporated association, joint venture, limited liability company, business trust, trust company, land bank, safe deposit company, safekeeping depository, financial organization, insurance company, federally chartered entity, utility, sole proprietorship, or other business entity, whether or not for profit.

(7) "District court" means Ramsey County District Court.

(8) "Domicile" means:

(A) for a corporation, the state of its incorporation;

(B) for a business association whose formation requires a filing with a state, other than a corporation, the state of its filing;

(C) for a federally chartered entity or an investment company registered under the Investment Company Act of 1940, as amended, United States Code, title 15, sections 80a-1 to 80a-64, the state of its home office; and

(D) for any other holder, the state of its principal place of business.

(9) "Electronic" means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities.

(10) "E-mail" means a communication by electronic means which is automatically retained and stored and may be readily accessed or retrieved.

(11) "Financial organization" means a savings and loan association, building and loan association, savings bank, industrial bank, bank, banking organization, or credit union.

(12) "Game-related digital content" means digital content that exists only in an electronic game or electronic-game platform. The term:

(A) includes:

i. game-play currency such as a virtual wallet, even if denominated in United States currency; and

ii. the following if for use or redemption only within the game or platform or another electronic game or electronic-game platform:

1. points sometimes referred to as gems, tokens, gold, and similar names; and

2. digital codes; and

(B) does not include an item that the issuer:

i. permits to be redeemed for use outside a game or platform for:

ii. money; or

iii. goods or services that have more than minimal value; or

iv. otherwise monetizes for use outside a game or platform.

(13) "Gift card" means:

(A) a stored-value card:

i. issued on a prepaid basis for a specified amount;

ii. the value of which does not expire;

iii. that is not subject to a dormancy, inactivity, or service fee;

iv. that may be decreased in value only by redemption for merchandise, goods, or services upon presentation at a single merchant or an affiliated group of merchants;

v. that, unless required by law, may not be redeemed for or converted into money or otherwise monetized by the issuer; and

(B) includes a prepaid commercial mobile radio service, as defined in Code of Federal Regulations, title 47, section 20.3, as amended.

(14) "Holder" means a person obligated to hold for the account of, or to deliver or pay to, the owner, property subject to this chapter.

(15) "Insurance company" means an association, corporation, or fraternal or mutual-benefit organization, whether or not for profit, engaged in the business of providing life endowments, annuities, or insurance, including accident, burial, casualty, credit-life, contract-performance, dental, disability, fidelity, fire, health, hospitalization, illness, life, malpractice, marine, mortgage, surety, wage-protection, and worker-compensation insurance.

(16) "Loyalty card" means a record given without direct monetary consideration under an award, reward, benefit, loyalty, incentive, rebate, or promotional program which may be used or redeemed only to obtain goods or services or a discount on goods or services. Loyalty card does not include a record that may be redeemed for money or otherwise monetized by the issuer.

(17) "Mineral" means gas, oil, coal, oil shale, other gaseous liquid or solid hydrocarbon, cement material, sand and gravel, road material, building stone, chemical raw material, gemstone, fissionable and nonfissionable ores, colloidal and other clay, steam and other geothermal resources, and any other substance defined as a mineral by law of this state other than this chapter.

(18) "Mineral proceeds" means an amount payable for extraction, production, or sale of minerals, or, on the abandonment of the amount, an amount that becomes payable after abandonment. Mineral proceeds includes an amount payable:

(A) for the acquisition and retention of a mineral lease, including a bonus, royalty, compensatory royalty, shut-in royalty, minimum royalty, and delay rental;

(B) for the extraction, production, or sale of minerals, including a net revenue interest, royalty, overriding royalty, extraction payment, and production payment; and

(C) under an agreement or option, including a joint-operating agreement, unit agreement, pooling agreement, and farm-out agreement.

(19) "Money order" means a payment order for a specified amount of money. Money order includes an express money order and a personal money order on which the remitter is the purchaser.

(20) "Municipal bond" means a bond or evidence of indebtedness issued by a municipality or other political subdivision of a state.

(21) "Net card value" means the original purchase price or original issued value of a stored-value card, plus amounts added to the original price or value, minus amounts used and any service charge, fee, or dormancy charge permitted by law.

(22) "Nonfreely transferable security" means a security that cannot be delivered to the administrator by the Depository Trust Clearing Corporation or similar custodian of securities providing post-trade clearing and settlement services to financial markets or cannot be delivered because there is no agent to effect transfer. Nonfreely transferable security includes a worthless security.

(23) "Owner" means a person that has a legal, beneficial, or equitable interest in property subject to this chapter or the person's legal representative when acting on behalf of the owner. Owner includes:

(A) a depositor, for a deposit;

(B) a beneficiary, for a trust other than a deposit in trust;

(C) a creditor, claimant, or payee, for other property; and



(D) the lawful bearer of a record that may be used to obtain money, a reward, or a thing of value.

(24) "Payroll card" means a record that evidences a payroll card account as defined in Regulation E, Code of Federal Regulations, title 12, part 1005, as amended.

(25) "Person" means an individual, estate, business association, public corporation, government or governmental subdivision, agency, instrumentality, or other legal entity whether or not for profit.

(26) "Property" means tangible property described in section 345A.205 or a fixed and certain interest in intangible property held, issued, or owed in the course of a holder's business or by a government, governmental subdivision, agency, or instrumentality. Property:

(A) includes all income from or increments to the property;

(B) includes property referred to as or evidenced by:

i. money, virtual currency, interest, dividend, check, draft, deposit, or payroll card;

ii. a credit balance, customer's overpayment, stored-value card, security deposit, refund, credit memorandum, unpaid wage, unused ticket for which the issuer has an obligation to provide a refund, mineral proceeds, or unidentified remittance;

iii. a security except for:

1. a worthless security; or

2. a security that is subject to a lien, legal hold, or restriction evidenced on the records of the holder or imposed by operation of law, if the lien, legal hold, or restriction restricts the holder's or owner's ability to receive, transfer, sell, or otherwise negotiate the security;

iv. a bond, debenture, note, or other evidence of indebtedness;

v. money deposited to redeem a security, make a distribution, or pay a dividend;

vi. an amount due and payable under an annuity contract or insurance policy; and

vii. an amount distributable from a trust or custodial fund established under a plan to provide health, welfare, pension, vacation, severance, retirement, death, stock purchase, profit-sharing, employee savings, supplemental unemployment insurance, or a similar benefit; and

(C) does not include:

i. property held in a plan described in section 529A of the Internal Revenue Code, as amended, United States Code, title 26, section 529A;

ii. game-related digital content;

iii. a loyalty card;

iv. a gift card; or

v. money held or owing by a public pension fund enumerated in section 356.20, subdivision 2, or 356.30, subdivision 3; or covered by sections 69.77 or 69.771 to 69.776, if the plan governing the public pension fund includes a provision governing the disposition of unclaimed amounts of money.

(27) "Putative holder" means a person believed by the administrator to be a holder, until the person pays or delivers to the administrator property subject to this chapter or the administrator or a court makes a final determination that the person is or is not a holder.

(28) "Record" means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form. "Records of the holder" includes records maintained by a third party that has contracted with the holder.

(29) "Security" means:

(A) a security as defined in article 8 of the Uniform Commercial Code, section 336.8-102;

(B) a security entitlement as defined in article 8 of the Uniform Commercial Code, section 336.8-102, including a customer security account held by a registered broker-dealer, to the extent the financial assets held in the security account are not:

i. registered on the books of the issuer in the name of the person for which the broker-dealer holds the assets;

ii. payable to the order of the person; or

iii. specifically endorsed to the person; or

(C) an equity interest in a business association not included in subparagraph (A) or (B).

(30) "State" means a state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States.

(31) "Stored-value card" means a record evidencing a promise made for consideration by the seller or issuer of the record that goods, services, or money will be provided to the owner of the record to the value or amount shown in the record. Stored-value card:

(A) includes:

i. a record that contains or consists of a microprocessor chip, magnetic strip, or other means for the storage of information, which is prefunded and whose value or amount is decreased on each use and increased by payment of additional consideration; and

ii. a payroll card; and

(B) does not include a loyalty card, gift card, or game-related digital content.

(32) "Utility" means a person that owns or operates for public use a plant, equipment, real property, franchise, or license for the following public services:

(A) transmission of communications or information;

(B) production, storage, transmission, sale, delivery, or furnishing of electricity, water, steam, or gas; or

(C) provision of sewage or septic services, or trash, garbage, or recycling disposal.

(33) "Virtual currency" means a digital representation of value used as a medium of exchange, unit of account, or store of value, which does not have legal tender status recognized by the United States. Virtual currency does not include:

(A) the software or protocols governing the transfer of the digital representation of value;

(B) game-related digital content; or

(C) a loyalty card or gift card.

(34) "Worthless security" means a security whose cost of liquidation and delivery to the administrator would exceed the value of the security on the date a report is due under this chapter.

Sec. 2. **[345A.102] INAPPLICABILITY TO FOREIGN TRANSACTION.**

This chapter does not apply to property held, due, and owing in a foreign country if the transaction out of which the property arose was a foreign transaction.

ARTICLE 18  
UNCLAIMED PROPERTY; PRESUMPTION OF ABANDONMENT

Section 1. **[345A.201] WHEN PROPERTY PRESUMED ABANDONED.**

Subject to section 345A.210, the following property is presumed abandoned if it is unclaimed by the apparent owner during the period specified below:

(1) a traveler's check, 15 years after issuance;

(2) a money order, seven years after issuance;

(3) cooperative property, including any profit distribution or other sum held or owing by a cooperative to a participating patron is presumed abandoned only if it has remained unclaimed by the owner for more than seven years after it became payable or distributable;

(4) a state or municipal bond, bearer bond, or original-issue discount bond, three years after the earliest of the date the bond matures or is called or the obligation to pay the principal of the bond arises;

(5) a debt of a business association, three years after the obligation to pay arises;

(6) demand, savings, or time deposit, including a deposit that is automatically renewable, three years after the later of the maturity or the date of the last indication of interest in the property by the apparent owner, except a deposit that is automatically renewable is deemed matured three years after its initial date of maturity unless the apparent owner consented to renewal in a record on file with the holder at or about the time of the renewal;

(7) money or a credit owed to a customer as a result of a retail business transaction, other than in-store credit for returned merchandise, three years after the obligation arose;

(8) an amount owed by an insurance company on a life or endowment insurance policy or an annuity contract that has matured or terminated, three years after the obligation to pay arose under the terms of the policy or contract or, if a policy or contract for which an amount is owed on proof of death has not matured by proof of the death of the insured or annuitant, as follows:

(A) with respect to an amount owed on a life or endowment insurance policy, the earlier of:

i. three years after the death of the insured; or

ii. two years after the insured has attained, or would have attained if living, the limiting age under the mortality table in which the reserve for the policy is based; and

(B) with respect to an amount owed on an annuity contract, three years after the date of the death of the annuitant;

(9) funds on deposit or held in trust for the prepayment of funeral or other funeral-related expenses, the earliest of:

(A) two years after the date of death of the beneficiary;

(B) one year after the date the beneficiary has attained, or would have attained if living, the age of 105 where the holder does not know whether the beneficiary is deceased; or

(C) 30 years after the contract for prepayment was executed;

(10) property distributable by a business association in the course of dissolution, one year after the property becomes distributable;

(11) property held by a court, including property received as proceeds of a class action, three years after the property becomes distributable;

(12) property held by a government or governmental subdivision, agency, or instrumentality, including municipal bond interest and unredeemed principal under the administration of a paying agent or indenture trustee, one year after the property becomes distributable;

(13) wages, commissions, bonuses, or reimbursements to which an employee is entitled, or other compensation for personal services, including amounts held on a payroll card, one year after the amount becomes payable;

(14) a deposit or refund owed to a subscriber by a utility, one year after the deposit or refund becomes payable; and

(15) property not specified in this section or sections 345A.202 to 345A.208, the earlier of three years after the owner first has a right to demand the property or the obligation to pay or distribute the property arises.

Notwithstanding any provision in this section to the contrary, and subject to section 345A.210, a deceased owner cannot indicate interest in the owner's property. If the owner is deceased and the abandonment period for the owner's property specified in this section is greater than two years, then the property, excluding any amounts owed by an insurance company on a life or endowment insurance policy or an annuity contract that has matured or terminated, shall instead be presumed abandoned two years from the date of the owner's last indication of interest in the property.

Sec. 2. **[345A.202] WHEN TAX-DEFERRED RETIREMENT ACCOUNT PRESUMED ABANDONED.**

(a) Subject to section 345A.210, property held in a pension account or retirement account that qualifies for tax deferral under the income tax laws of the United States is presumed abandoned if it is unclaimed by the apparent owner after the later of:

(1) three years after the following dates:

(A) except as in subparagraph (B), the date a communication sent by the holder by first-class United States mail to the apparent owner is returned to the holder undelivered by the United States Postal Service; or

(B) if such communication is re-sent within 30 days after the date the first communication is returned undelivered, the date the second communication was returned undelivered by the United States Postal Service; or

(2) the earlier of the following dates:

(A) three years after the date the apparent owner becomes 70.5 years of age, if determinable by the holder; or

(B) one year after the date of mandatory distribution following death if the Internal Revenue Code, as amended, United States Code, title 26, section 1, et seq., requires distribution to avoid a tax penalty and the holder:

(i) receives confirmation of the death of the apparent owner in the ordinary course of its business; or

(ii) confirms the death of the apparent owner under subsection (b).

(b) If a holder in the ordinary course of its business receives notice or an indication of the death of an apparent owner and subsection (a)(2) applies, the holder shall attempt, not later than 90 days after receipt of the notice or indication, to confirm whether the apparent owner is deceased.

(c) If the holder does not send communications to the apparent owner of an account described in subsection (a) by first-class United States mail, the holder shall attempt to confirm the apparent owner's interest in the property by sending the apparent owner an e-mail communication not later than two years after the apparent owner's last indication of interest in the property; however, the holder promptly shall attempt to contact the apparent owner by first-class United States mail if:

(1) the holder does not have information needed to send the apparent owner an e-mail communication or the holder believes that the apparent owner's e-mail address in the holder's records is not valid;

(2) the holder receives notification that the e-mail communication was not received; or

(3) the apparent owner does not respond to the e-mail communication not later than 30 days after the communication was sent.

(d) If first-class United States mail sent under subsection (c) is returned to the holder undelivered by the United States Postal Service, the property is presumed abandoned three years after the later of:

(1) except as in paragraph (2), the date a communication to contact the apparent owner sent by first-class United States mail is returned to the holder undelivered;

(2) if such communication is sent later than 30 days after the date the first communication is returned undelivered, the date the second communication was returned undelivered; or

(3) the date established by subsection (a)(2).

Sec. 3. **[345A.203] WHEN OTHER TAX-DEFERRED ACCOUNT PRESUMED ABANDONED.**

(a) Subject to section 345A.210 and except for property described in section 345A.202 and property held in a plan described in section 529A of the Internal Revenue Code, as amended; United States Code, title 26, section 529A, property held in an account or plan, including a health savings account, that qualifies for tax deferral under the income tax laws of the United States is presumed abandoned if it is unclaimed by the apparent owner three years after the earlier of:

(1) the date, if determinable by the holder, specified in the income tax laws and regulations of the United States by which distribution of the property must begin to avoid a tax penalty, with no distribution having been made; or

(2) 30 years after the date the account was opened.

(b) If the owner is deceased, property subject to this section is presumed abandoned two years from the earliest of:

(1) the date of the distribution or attempted distribution of the property;

(2) the date the required distribution as stated in the plan or trust agreement governing the plan; or

(3) the date, if determinable by the holder, specified in the income tax laws of the United States by which distribution of the property must begin in order to avoid a tax penalty.

Sec. 4. **[345A.204] WHEN CUSTODIAL ACCOUNT FOR MINOR PRESUMED ABANDONED.**

(a) Subject to section 345A.210, property held in an account established under a state's Uniform Gifts to Minors Act or Uniform Transfers to Minors Act is presumed abandoned if it is unclaimed by or on behalf of the minor on whose behalf the account was opened three years after the later of:

(1) except as in paragraph (2), the date a communication sent by the holder by first-class United States mail to the custodian of the minor on whose behalf the account was opened is returned undelivered to the holder by the United States Postal Service;

(2) if the communication is re-sent later than 30 days after the date the first communication is returned undelivered, the date the second communication was returned undelivered; or

(3) the date on which the custodian is required to transfer the property to the minor or the minor's estate in accordance with the Uniform Gifts to Minors Act or Uniform Transfers to Minors Act of the state in which the account was opened.

(b) If the holder does not send communications to the custodian of the minor on whose behalf an account described in subsection (a) was opened by first-class United States mail, the holder shall attempt to confirm the custodian's interest in the property by sending the custodian an e-mail communication not later than two years after the custodian's last indication of interest in the property; however, the holder promptly shall attempt to contact the custodian by first-class United States mail if:

(1) the holder does not have information needed to send the custodian an e-mail communication or the holder believes that the custodian's e-mail address in the holder's records is not valid;

(2) the holder receives notification that the e-mail communication was not received; or

(3) the custodian does not respond to the e-mail communication not later than 30 days after the communication was sent.

(c) If first-class United States mail sent under subsection (b) is returned undelivered to the holder by the United States Postal Service, the property is presumed abandoned three years after the later of:

(1) the date a communication to contact the custodian by first-class United States mail is returned to the holder undelivered by the United States Postal Service; or

(2) the date established by subsection (a)(3).

(d) When the property in the account described in subsection (a) is transferred to the minor on whose behalf an account was opened or to the minor's estate, the property in the account is no longer subject to this section.

Sec. 5. **[345A.205] WHEN CONTENTS OF SAFE DEPOSIT BOX PRESUMED ABANDONED.**

Tangible property held in a safe deposit box and proceeds from a sale of the property by the holder permitted by law of this state other than this chapter are presumed abandoned if the property remains unclaimed by the apparent owner five years after the earlier of the:

(1) expiration of the lease or rental period for the safe deposit box; or

(2) earliest date when the lessor of the safe deposit box is authorized by law of this state other than this chapter to enter the safe deposit box and remove or dispose of the contents without consent or authorization of the lessee.

Sec. 6. **[345A.206] WHEN STORED-VALUE CARD PRESUMED ABANDONED.**

(a) Subject to section 345A.210, the net card value of a stored-value card, other than a payroll card or a gift card, is presumed abandoned on the latest of three years after:

(1) December 31 of the year in which the card is issued or additional funds are deposited into it;

(2) the most recent indication of interest in the card by the apparent owner; or

(3) a verification or review of the balance by or on behalf of the apparent owner.

(b) The amount presumed abandoned in a stored-value card is the net card value at the time it is presumed abandoned.

(c) If a holder has reported and remitted to the administrator the net card value on a stored-value card presumed abandoned under this section and the stored-value card does not have an expiration date, then the holder must honor the card on presentation indefinitely and may then request reimbursement from the administrator under section 345A.605.

Sec. 7. **[345A.208] WHEN SECURITY PRESUMED ABANDONED.**

(a) Subject to section 345A.210, a security is presumed abandoned after the earlier of the following:

(1) three years after the date a communication sent by the holder by first-class United States mail to the apparent owner is returned to the holder undelivered by the United States Postal Service or if such communication is re-sent no later than 30 days after the first communication is returned, the date the second communication is returned undelivered to the holder by the United States Postal Service; or

(2) five years after the date of the apparent owner's last indication of interest in the security.

(b) If the holder does not send communications to the apparent owner of a security by first-class United States mail, the holder shall attempt to confirm the apparent owner's interest in the security by sending the apparent owner an e-mail communication not later than two years after the apparent owner's last indication of interest in the security; however, the holder promptly shall attempt to contact the apparent owner by first-class United States mail if:

(1) the holder does not have information needed to send the apparent owner an e-mail communication or the holder believes that the apparent owner's e-mail address in the holder's records is not valid;

(2) the holder receives notification that the e-mail communication was not received; or

(3) the apparent owner does not respond to the e-mail communication not later than 30 days after the communication was sent.

(c) If first-class United States mail sent under subsection (b) is returned to the holder undelivered by the United States Postal Service, the security is presumed abandoned in accordance with subsection (a)(2).

(d) If a holder, in the ordinary course of business, receives notice or an indication of the death of an apparent owner, the holder shall attempt, not later than 90 days after receipt of the notice or indication, to confirm whether the apparent owner is deceased. Notwithstanding the standards set forth in subsections (a), (b), and (c), if the holder either receives confirmation of the death of the apparent owner in the ordinary course of business or confirms the death of the apparent owner under this subsection, then the property shall be presumed abandoned two years after the date of the owner's death.

Sec. 8. **[345A.209] WHEN RELATED PROPERTY PRESUMED ABANDONED.**

At and after the time property is presumed abandoned under this chapter, any other property right or interest accrued or accruing from the property and not previously presumed abandoned is also presumed abandoned.

Sec. 9. **[345A.210] INDICATION OF APPARENT OWNER INTEREST IN PROPERTY.**

(a) The period after which property is presumed abandoned is measured from the later:

(1) the date the property is presumed abandoned under sections 345A.201 to 345A.211; or

(2) the latest indication of interest by the apparent owner in the property.

(b) Under this chapter, an indication of an apparent owner's interest in property includes:

(1) a record communicated by the apparent owner to the holder or agent of the holder concerning the property or the account in which the property is held;

(2) an oral communication by the apparent owner to the holder or agent of the holder concerning the property or the account in which the property is held, if the holder or its agent contemporaneously makes and preserves a record of the fact of the apparent owner's communication;

(3) presentment of a check or other instrument of payment of a dividend, interest payment, or other distribution, or evidence of receipt of a distribution made by electronic or similar means, with respect to an account, underlying security, or interest in a business association.



(4) activity directed by an apparent owner in the account in which the property is held, including accessing the account or information concerning the account, or a direction by the apparent owner to increase, decrease, or otherwise change the amount or type of property held in the account;

(5) a deposit into or withdrawal from an account at a financial organization, except for an automatic debit or credit previously authorized by the apparent owner or an automatic reinvestment of dividends or interest; and

(6) subject to subsection (e), payment of a premium on an insurance policy.

(c) An action by an agent or other representative of an apparent owner, other than the holder acting as the apparent owner's agent, is presumed to be an action on behalf of the apparent owner.

(d) A communication with an apparent owner by a person other than the holder or the holder's representative is not an indication of interest in the property by the apparent owner unless a record of the communication evidences the apparent owner's knowledge of a right to the property.

(e) If the insured dies or the insured or beneficiary of an insurance policy otherwise becomes entitled to the proceeds before depletion of the cash surrender value of the policy by operation of an automatic premium loan provision or other nonforfeiture provision contained in the policy, the operation does not prevent the policy from maturing or terminating.

(f) If the apparent owner has other property with the holder to which section 345A.201, paragraph (6), applies, the activity directed by the apparent owner toward any other accounts, including but not limited to loan accounts, at the financial organization holding an inactive account of the apparent owner shall be an indication of interest in all such accounts if:

(1) the apparent owner engages in one or more of the following activities:

(A) the apparent owner undertakes one or more of the actions described in subsection (b) regarding an account that appears on a consolidated statement with the inactive account;

(B) the apparent owner increases or decreases the amount of funds in any other account the apparent owner has with the financial organization; or

(C) the apparent owner engages in any other relationship with the financial organization, including payment of any amounts due on a loan; and

(2) the mailing address for the apparent owner in the financial organization's records is the same for both the inactive account and the active account.

Sec. 10. **[345A.211] KNOWLEDGE OF DEATH OF INSURED OR ANNUITANT.**

(a) In this section, "death master file" ("DMF") means the United States Social Security Administration Death Master File or other database or service that is at least as comprehensive as the United States Social Security Administration Death Master File for determining that an individual reportedly has died.

(b) With respect to a life or endowment insurance policy or annuity contract for which an amount is owed on proof of death, but which has not matured by proof of death of the insured or annuitant, the company has knowledge of the death of an insured or annuitant when:

(1) the company receives a death certificate or court order determining that the insured or annuitant has died;

(2) the company receives notice of the death of the insured or annuitant from the administrator or an unclaimed property administrator of another state, a beneficiary, a policy owner, a relative of the insured, a representative under the Probate Act of 1975, or an executor or other legal representative of the insured's or annuitant's estate and validates the death of the insured or annuitant;

(3) the company conducts a comparison for any purpose between a DMF and the names of some or all of the company's insureds or annuitants, finds a match that provides notice that the insured or annuitant has died, and validates the death; or

(4) the administrator or the administrator's agent conducts a comparison for the purpose of finding matches during an examination conducted under this chapter between a DMF and the names of some or all of the company's insureds or annuitants, and finds a match that provides notice that the insured or annuitant has died.

(c) A holder shall perform a comparison of its insureds' in-force policies, annuity contracts, and retained asset accounts against a DMF on at least a semiannual basis by using the full DMF once and thereafter using DMF updated files for future comparisons to identify potential matches of its insureds.

(d) A death master file match under subsection (b)(3) or (4) occurs if the criteria for an exact or partial match are satisfied.

(1) an exact match occurs when the Social Security number, first and last name, and date of birth contained in the holder's records matches exactly to the data contained in the DMF;

(2) a partial match occurs in any of the following circumstances:

(A) when the Social Security number contained in the data found in the holder's records matches exactly or in accordance with the fuzzy match criteria listed below to the Social Security number contained in the DMF, the first and last names match either exactly or in accordance with the fuzzy match criteria listed below, and the date of birth matches exactly or in accordance with the fuzzy match criteria listed below;

(B) when the holder's records do not include a Social Security number or where the Social Security number is incomplete or otherwise invalid, and there is a first name, last name, and date of birth combination in the holder's data that is a match against the data contained in the DMF where the first and last names match either exactly or in accordance with the fuzzy match criteria listed below and the date of birth matches exactly or in accordance with the fuzzy match criteria listed below;

(C) if there is more than one potentially matched individual returned as a result of the process described in paragraphs (A) and (B) above, the holder shall search the Social Security numbers obtained from the DMF for the potential matched individuals against Accurant for Insurance or an equivalent database. If a search of those databases shows that the DMF Social Security number is listed at the address in the holder's records for the insured, a partial match will be considered to have been made only for individuals with a matching address;

(D) fuzzy match criteria includes the following:

(i) a first name fuzzy match includes one or more of the following: a nickname; an initial instead of a full first name; accepted industry standard phonetic name-matching algorithm; data entry mistakes with a maximum difference of one character with at least five characters in length; a first and last name are provided and cannot be reliably distinguished from one another; use of interchanged first name and middle name; a misused compound name; and the use of a "Mrs." in conjunction with a spouse's name where the date of birth and Social Security number match exactly and the last name matches exactly or in accordance with the fuzzy match criteria listed herein;

(ii) a last name fuzzy match includes one or more of the following: Anglicized forms of last names; compound last name; blank spaces in last name; accepted industry standard phonetic name-matching algorithm; a first and last name are provided and cannot be reliably distinguished from one another; use of apostrophe or other punctuation; data entry mistakes with a maximum difference of one character for last name with at least eight characters in length; and married female last name variations;

(iii) a date of birth fuzzy match includes one of the following: two dates with a maximum of two digits in difference, but only one entry mistake per full date is allowable; transposition of the month and date portion of the date of birth; if the holder's records do not contain a complete date of birth, then a fuzzy match date of birth will be found to exist where the data available in the holder's records does not conflict with the data contained in the DMF; if the holder provided a first and last name match, either exactly or in accordance with the fuzzy match criteria herein and the Social Security number matches exactly against the DMF, the date of birth is a fuzzy match if the holder provided a date of birth that is within two years of the DMF-listed date of birth;

(iv) a Social Security number fuzzy match includes one of the following: two Social Security numbers with a maximum of two digits in difference, any number position; two consecutive numbers are transposed; and the Social Security number is less than nine digits in length, but at least seven digits, and is entirely embedded within the other Social Security number;

(3) the DMF match does not constitute proof of death for the purpose of submission to an insurance company of a claim by a beneficiary, annuitant, or owner of the policy or contract for an amount due under an insurance policy or annuity contract;

(4) the DMF match or validation of the insured's or annuitant's death does not alter the requirements for a beneficiary, annuitant, or owner of the policy or contract to make a claim to receive proceeds under the terms of the policy or contract;

(5) an insured or an annuitant is presumed dead if the date of the person's death is indicated by the DMF match under either subsection (b)(3) or (4), unless the insurer has competent and substantial evidence that the person is living, including but not limited to a contact made by the insurer with the person or the person's legal representation.

(e) This chapter does not affect the determination of the extent to which an insurance company before the effective date of this chapter had knowledge of the death of an insured or annuitant or was required to conduct a DMF comparison to determine whether amounts owed by the company on a life or endowment insurance policy or annuity contract were presumed abandoned or unclaimed.

**Sec. 11. [345A.211] DEPOSIT ACCOUNT FOR PROCEEDS OF INSURANCE POLICY OR ANNUITY CONTRACT.**

If proceeds payable under a life or endowment insurance policy or annuity contract are deposited into an account with check or draft-writing privileges for the beneficiary of the policy or contract and, under a supplementary contract not involving annuity benefits other than death benefits, the proceeds are retained by the insurance company or the financial organization where the account is held, the policy or contract includes the assets in the account.

ARTICLE 19  
UNCLAIMED PROPERTY; RULES FOR TAKING CUSTODY  
OF PROPERTY PRESUMED ABANDONED

Section 1. **[345A.301] ADDRESS OF APPARENT OWNER TO ESTABLISH PRIORITY.**

In sections 345A.301 to 345A.307, the following rules apply:

(1) The last known address of an apparent owner is any description, code, or other indication of the location of the apparent owner which identifies the state, even if the description, code, or indication of location is not sufficient to direct the delivery of first-class United States mail to the apparent owner.

(2) If the United States postal zip code associated with the apparent owner is for a post office located in this state, this state is deemed to be the state of the last known address of the apparent owner unless other records associated with the apparent owner specifically identify the physical address of the apparent owner to be in another state.

(3) If the address under paragraph (2) is in another state, the other state is deemed to be the state of the last known address of the apparent owner.

(4) The address of the apparent owner of a life or endowment insurance policy or annuity contract or its proceeds is presumed to be the address of the insured or annuitant if a person other than the insured or annuitant is entitled to the amount owed under the policy or contract and the address of the other person is not known by the insurance company and cannot be determined under section 345A.302.

Sec. 2. **[345A.302] ADDRESS OF APPARENT OWNER IN THIS STATE.**

The administrator may take custody of property that is presumed abandoned, whether located in this state, another state, or a foreign country, if:

(1) the last known address of the apparent owner in the records of the holder is in this state; or

(2) the records of the holder do not reflect the identity or last known address of the apparent owner, but the administrator has determined that the last known address of the apparent owner is in this state.

Sec. 3. **[345A.303] IF RECORDS SHOW MULTIPLE ADDRESSES OF APPARENT OWNER.**

(a) Except as provided in subsection (b), if records of a holder reflect multiple addresses for an apparent owner and this state is the state of the last known address, this state may take custody of property presumed abandoned, whether located in this state or another state.

(b) If it appears from records of the holder that the last known address of the apparent owner under subsection (a) is a temporary address and this state is the state of the next most recently recorded address that is not a temporary address, this state may take custody of the property presumed abandoned.

Sec. 4. **[345A.304] HOLDER DOMICILED IN THIS STATE.**

(a) Except as provided in subsection (b) or section 345A.302 or 345A.303, the administrator may take custody of property presumed abandoned, whether located in this state, another state, or a foreign country, if the holder is domiciled in this state, another state, or a governmental subdivision, agency, or instrumentality of this state and:

(1) another state or foreign country is not entitled to the property because there is no last known address of the apparent owner or other person entitled to the property in the records of the holder; or

(2) the state or foreign country of the last known address of the apparent owner or other person entitled to the property does not provide for custodial taking of the property.

(b) Property is not subject to custody of the administrator under subsection (a) if the property is specifically exempt from custodial taking under the law of this state, another state, or foreign country of the last known address of the apparent owner.

(c) If a holder's state of domicile has changed since the time the property was presumed abandoned, the holder's state of domicile in this section is deemed to be the state where the holder was domiciled at the time the property was presumed abandoned.

Sec. 5. **[345A.305] CUSTODY IF TRANSACTION TOOK PLACE IN THIS STATE.**

Except as provided in sections 345A.302 to 345A.304, the administrator may take custody of property presumed abandoned whether located in this state or another state if:

(1) the transaction out of which the property arose took place in this state;

(2) the holder is domiciled in a state that does not provide for the custodial taking of the property, except that if the property is specifically exempt from custodial taking under the law of the state of the holder's domicile, the property is not subject to the custody of the administrator; and

(3) the last known address of the apparent owner or other person entitled to the property is unknown or in a state that does not provide for the custodial taking of the property, except that if the property is specifically exempt from custodial taking under the law of the state of the last known address, the property is not subject to the custody of the administrator.

Sec. 6. **[345A.306] TRAVELER'S CHECK, MONEY ORDER, OR SIMILAR INSTRUMENT.**

The administrator may take custody of sums payable on a traveler's check, money order, or similar instrument presumed abandoned to the extent permissible under United States Code, title 12, sections 2501 through 2503, as amended.

Sec. 7. **[345A.307] BURDEN OF PROOF TO ESTABLISH ADMINISTRATOR'S RIGHT TO CUSTODY.**

Subject to this chapter, if the administrator asserts a right to custody of unclaimed property and there is a dispute concerning such property, the administrator has the initial burden to prove:

(1) the amount of the property;

(2) the property is presumed abandoned; and

(3) the property is subject to the custody of the administrator.

ARTICLE 20  
UNCLAIMED PROPERTY; REPORT BY HOLDER

Section 1. **[345A.401] REPORT REQUIRED BY HOLDER.**

(a) A holder of property presumed abandoned and subject to the custody of the administrator shall report in a record to the administrator concerning the property. A holder shall submit an electronic report in a format prescribed by, and acceptable to, the administrator.

(b) A holder may contract with a third party to make the report required under subsection (a).

(c) Whether or not a holder contracts with a third party under subsection (b), the holder is responsible:

(1) to the administrator for the complete, accurate, and timely reporting of property presumed abandoned; and

(2) for paying or delivering to the administrator property described in the report.

Sec. 2. **[345A.402] CONTENT OF REPORT.**

(a) The report required under section 345A.401 must:

(1) be signed by or on behalf of the holder and verified as to its completeness and accuracy;

(2) be filed electronically, unless exception is granted, and be in a secure format approved by the administrator which protects confidential information of the apparent owner;

(3) describe the property;

(4) except for a traveler's check, money order, or similar instrument, contain the name, if known, last known address, if known, and Social Security number or taxpayer identification number, if known or readily ascertainable, of the apparent owner of property with a value of \$50 or more;

(5) for an amount held or owing under a life or endowment insurance policy or annuity contract, contain the name and last known address of the insured, annuitant, or other apparent owner of the policy or contract and of the beneficiary;

(6) for property held in or removed from a safe deposit box, indicate the location of the property, and where it may be inspected by the administrator;

(7) contain the commencement date for determining abandonment under sections 345A.201 to 345A.211;

(8) state that the holder has complied with the notice requirements of section 345A.501;

(9) identify property that is a nonfreely transferable security and explain why it is a nonfreely transferable security; and

(10) contain other information prescribed by the administrator.

(b) A report under section 345A.401 may include in the aggregate items valued under \$50 each. If the report includes items in the aggregate valued under \$50 each, the administrator may not require the holder to provide the name and address of an apparent owner of an item unless the information is necessary to verify or process a claim in progress by the apparent owner.

(c) A report under section 345A.401 may include personal information as defined in section 345A.401(a) about the apparent owner or the apparent owner's property.

(d) If a holder has changed its name while holding property presumed abandoned or is a successor to another person that previously held the property for the apparent owner, the holder must include in the report under section 345A.401 its former name or the name of the previous holder, if any, and the known name and address of each previous holder of the property.

Sec. 3. **[345A.403] WHEN REPORT TO BE FILED.**

(a) Except as otherwise provided in subsection (b) and subject to subsection (c), the report under section 345A.401 must be filed before November 1 of each year and cover the 12 months preceding July 1 of that year.

(b) Subject to subsection (c), the report under section 345A.401 to be filed by an insurance company must be filed before May 1 of each year for the immediately preceding calendar year.

(c) Before the date for filing the report under section 345A.401, the holder of property presumed abandoned may request the administrator to extend the time for filing. The administrator may grant an extension. If the extension is granted, the holder may pay or make a partial payment of the amount the holder estimates ultimately will be due. The payment or partial payment terminates accrual of interest on the amount paid.

Sec. 4. **[345A.404] RETENTION OF RECORDS BY HOLDER.**

A holder required to file a report under section 345A.401 shall retain records for ten years after the later of the date the report was filed or the last date a timely report was due to be filed, unless a shorter period is provided by rule of the administrator. The holder may satisfy the requirement to retain records under this section through an agent. The records must contain:

(1) the information required to be included in the report;

(2) the date, place, and nature of the circumstances that gave rise to the property right;

(3) the amount or value of the property;

(4) the last known address of the apparent owner, if known to the holder; and

(5) if the holder sells, issues, or provides to others for sale or issue in this state traveler's checks, money orders, or similar instruments, other than third-party bank checks, on which the holder is directly liable, a record of the instruments while they remain outstanding, indicating the state and date of issue.

Sec. 5. **[345A.405] PROPERTY REPORTABLE AND PAYABLE OR DELIVERABLE ABSENT OWNER DEMAND.**

Property is reportable and payable or deliverable under this chapter even if the owner fails to make demand or present an instrument or document otherwise required to obtain payment.

ARTICLE 21  
UNCLAIMED PROPERTY; NOTICE TO APPARENT OWNER  
OF PROPERTY PRESUMED ABANDONED

Section 1. **[345A.501] NOTICE TO APPARENT OWNER BY HOLDER.**

(a) Subject to subsection (b), the holder of property presumed abandoned shall send to the apparent owner notice by first-class United States mail that complies with section 345A.502 in a format acceptable to the administrator not more than 180 days nor less than 60 days before filing the report under section 345A.401 if:

(1) the holder has in its records an address for the apparent owner which the holder's records do not disclose to be invalid and is sufficient to direct the delivery of first-class United States mail to the apparent owner; and

(2) the value of the property is \$50 or more.

(b) If an apparent owner has consented to receive e-mail delivery from the holder, the holder shall send the notice described in subsection (a) both by first-class United States mail to the apparent owner's last known mailing address and by e-mail, unless the holder believes that the apparent owner's e-mail address is invalid.

(c) The holder of securities presumed abandoned under sections 345A.202, 345A.203, or 345A.208 shall send the apparent owner notice by certified United States mail that complies with section 345A.502, and in a format acceptable to the administrator, not less than 60 days before filing the report under section 345A.401, if:

(1) the holder has in its records an address for the apparent owner which the holder's records do not disclose to be invalid and is sufficient to direct the delivery of United States mail to the apparent owner; and

(2) the value of the property is \$1,000 or more.

(d) In addition to other indications of an apparent owner's interest in property pursuant to section 345A.210, a signed return receipt in response to a notice sent pursuant to this section by certified United States mail shall constitute a record communicated by the apparent owner to the holder concerning the property or the account in which the property is held.

**Sec. 2. [345A.502] CONTENTS OF NOTICE BY HOLDER.**

(a) Notice under section 345A.501 must contain a heading that reads substantially as follows: "Notice. The State of Minnesota requires us to notify you that your property may be transferred to the custody of the commissioner of commerce if you do not contact us before (insert date that is 30 days after the date of this notice)."

(b) The notice under section 345A.501 must:

(1) identify the nature and, except for property that does not have a fixed value, the value of the property that is the subject of the notice;

(2) state that the property will be turned over to the administrator;

(3) state that after the property is turned over to the administrator an apparent owner that seeks return of the property must file a claim with the administrator;

(4) state that property that is not legal tender of the United States may be sold by the administrator; and

(5) provide instructions that the apparent owner must follow to prevent the holder from reporting and paying or delivering the property to the administrator.

**Sec. 3. [345A.503] NOTICE BY ADMINISTRATOR.**

(a) The administrator shall give notice to an apparent owner that property presumed abandoned and that appears to be owned by the apparent owner is held by the administrator under this chapter.

(b) In providing notice under subsection (a), the administrator shall:

(1) publish every 12 months in at least one newspaper of general circulation in each county in this state notice of property held by the administrator which must include:



(A) the total value of property received by the administrator during the preceding 12-month period, taken from the reports under section 345A.401;

(B) the total value of claims paid by the administrator during the preceding 12-month period;

(C) the Internet address of the unclaimed property website maintained by the administrator;

(D) a telephone number and e-mail address to contact the administrator to inquire about or claim property; and

(E) a statement that a person may access the Internet by a computer to search for unclaimed property and a computer may be available as a service to the public at a local public library; and

(2) maintain a website or database accessible by the public and electronically searchable which contains the names reported to the administrator of all apparent owners for whom property is being held by the administrator. The administrator need not list property on such website when:

(A) no owner name was reported;

(B) a claim has been initiated or is pending for the property;

(C) the administrator has made direct contact with the apparent owner of the property; and

(D) other instances exist where the administrator reasonably believes exclusion of the property is in the best interests of both the state and the owner of the property.

(c) The website or database maintained under subsection (b)(2) must include instructions for filing with the administrator a claim to property and a printable claim form with instructions for its use.

(d) In addition to giving notice under subsection (b), publishing the information under subsection (b)(1), and maintaining the website or database under subsection (b)(2), the administrator may use other printed publication, telecommunication, the Internet, or other media to inform the public of the existence of unclaimed property held by the administrator.

ARTICLE 22  
UNCLAIMED PROPERTY; TAKING CUSTODY  
OF PROPERTY BY ADMINISTRATOR

Section 1. **[345A.601] DORMANCY CHARGE.**

(a) A holder may deduct a dormancy charge from property required to be paid or delivered to the administrator if:

(1) a valid contract between the holder and the apparent owner authorizes imposition of the charge for the apparent owner's failure to claim the property within a specified time; and

(2) the holder regularly imposes the charge and regularly does not reverse or otherwise cancel the charge.

(b) The amount of the deduction under subsection (a) is limited to an amount that is not unconscionable considering all relevant factors, including the marginal transactional costs incurred by the holder in maintaining the apparent owner's property and any services received by the apparent owner.

(c) A holder may not deduct an escheat fee or impose other charges solely by virtue of property being reported as presumed abandoned.

**Sec. 2. [345A.602] PAYMENT OR DELIVERY OF PROPERTY TO ADMINISTRATOR.**

(a) Except as otherwise provided in this section, on filing a report under section 345A.401, the holder shall pay or deliver to the administrator the property described in the report.

(b) If property in a report under section 345A.401 is an automatically renewable deposit and a penalty or forfeiture in the payment of interest would result from paying the deposit to the administrator at the time of the report, the date for payment of the property to the administrator is extended until a penalty or forfeiture no longer would result from payment, if the holder informs the administrator of the extended date.

(c) Tangible property in a safe deposit box may not be delivered to the administrator until 60 days after filing the report under section 345A.401.

(d) If property reported to the administrator under section 345A.401 is a security, the administrator may:

(1) make an endorsement, instruction, or entitlement order on behalf of the apparent owner to invoke the duty of the issuer, its transfer agent, or the securities intermediary to transfer the security; or

(2) dispose of the security under section 345A.702.

(e) If the holder of property reported to the administrator under section 345A.401 is the issuer of a certificated security, the administrator may obtain a replacement certificate in physical or book-entry form under section 336.8-405. An indemnity bond is not required.

(f) The administrator shall establish procedures for the registration, issuance, method of delivery, transfer, and maintenance of securities delivered to the administrator by a holder.

(g) An issuer, holder, and transfer agent or other person acting under this section under instructions of and on behalf of the issuer or holder is not liable to the apparent owner for, and must be indemnified by the state against, a claim arising with respect to property after the property has been delivered to the administrator.

(h) A holder is not required to deliver to the administrator a security identified by the holder as a nonfreely transferable security. If the administrator or holder determines that a security is no longer a nonfreely transferable security, the holder shall deliver the security on the next regular date prescribed for delivery of securities under this chapter. The holder shall make a determination annually whether a security identified in a report filed under section 345A.401 as a nonfreely transferable security is no longer a nonfreely transferable security.

**Sec. 3. [345A.603] EFFECT OF PAYMENT OR DELIVERY OF PROPERTY TO ADMINISTRATOR.**

On payment or delivery of property to the administrator under this chapter, the administrator, as agent for the state, assumes custody and responsibility for safekeeping the property. A holder that pays or delivers property to the administrator in good faith and substantially complies with sections 345A.501 and 345A.502 is relieved of liability which may arise thereafter with respect to the property so paid or delivered.

**Sec. 4. [345A.604] RECOVERY OF PROPERTY BY HOLDERS FROM ADMINISTRATOR.**

(a) A holder that under this chapter pays money to the administrator may file a claim for reimbursement from the administrator of the amount paid if the holder:

(1) paid the money in error; or

(2) after paying the money to the administrator, paid money to a person the holder reasonably believed entitled to the money.

(b) If a claim for return of property is made, the holder shall include with the claim evidence sufficient to establish that the apparent owner has claimed the property from the holder or that the property was delivered by the holder to the administrator in error.

Sec. 5. **[345A.605] CREDITING INCOME OR GAIN TO OWNER'S ACCOUNT.**

If property other than money is delivered to the administrator, the owner is entitled to receive from the administrator income or gain realized or accrued on the property before the property is sold. If the property was interest-bearing, the administrator shall pay interest at the lesser of the rate of the weekly average one-year constant maturity treasury yield, as published by the Board of Governors of the Federal Reserve System, for the calendar week preceding the beginning of the fiscal quarter in which the property was sold or the rate the property earned while in the possession of the holder. Interest begins to accrue when the property is delivered to the administrator and ends on the earlier of the expiration of ten years after its delivery or the date on which payment is made to the owner.

Sec. 6. **[345A.606] ADMINISTRATOR'S OPTIONS AS TO CUSTODY.**

(a) The administrator may decline to take custody of property reported under section 345A.401 if the administrator determines that:

(1) the property has a value less than the estimated expenses of notice and sale of the property; or

(2) taking custody of the property would be unlawful.

(b) A holder may pay or deliver property to the administrator before the property is presumed abandoned under this chapter if the holder:

(1) sends the apparent owner of the property notice required by section 345A.501 and provides the administrator evidence of the holder's compliance with this paragraph;

(2) includes with the payment or delivery a report regarding the property conforming to section 345A.402; and

(3) first obtains the administrator's written consent to accept payment or delivery.

(c) A holder's request for the administrator's consent under subsection (b)(3) must be in a record. If the administrator fails to respond to the request not later than 30 days after receipt of the request, the administrator is deemed to consent to the payment or delivery of the property and the payment or delivery is considered to have been made in good faith.

(d) On payment or delivery of property under subsection (b), the property is presumed abandoned.

Sec. 7. **[345A.607] DISPOSITION OF PROPERTY HAVING NO SUBSTANTIAL VALUE; IMMUNITY FROM LIABILITY.**

(a) If the administrator takes custody of property delivered under this chapter and later determines that the property has no substantial commercial value or that the cost of disposing of the property will exceed the value of the property, the administrator may return the property to the holder or destroy or otherwise dispose of the property.

(b) An action or proceeding may not be commenced against the state, an agency of the state, the administrator, another officer, employee, or agent of the state, or a holder for or because of an act of the administrator under this section, except for intentional misconduct or malfeasance.

Sec. 8. **[345A.608] PERIODS OF LIMITATION AND REPOSE.**

(a) Expiration, before, on, or after the effective date of this chapter, of a period of limitation on an owner's right to receive or recover property, whether specified by contract, statute, or court order, does not prevent the property from being presumed abandoned or affect the duty of a holder under this chapter to file a report or pay or deliver property to the administrator.

(b) An action or proceeding may not be maintained by the administrator to enforce this act's reporting, delivery, or payment requirements more than ten years after the holder specifically identified the property in a report filed with the administrator, or gave express notice to the administrator of a dispute regarding the property. In the absence of such a report or other express notice, the period of limitation is tolled. The period of limitation is also tolled by filing a fraudulent report.

ARTICLE 23  
UNCLAIMED PROPERTY; SALE OF PROPERTY  
BY ADMINISTRATOR

Section 1. **[345A.701] PUBLIC SALE OF PROPERTY.**

(a) Subject to section 345A.702, not earlier than three years after receipt of property presumed abandoned, the administrator may sell the property.

(b) Before selling property under subsection (a), the administrator shall give notice to the public of:

(1) the date of the sale; and

(2) a reasonable description of the property.

(c) A sale under subsection (a) must be to the highest bidder:

(1) at public sale at a location in this state which the administrator determines to be the most favorable market for the property;

(2) on the Internet; or

(3) on another forum the administrator determines is likely to yield the highest net proceeds of sale.

(d) The administrator may decline the highest bid at a sale under this section and reoffer the property for sale if the administrator determines the highest bid is insufficient.

(e) If a sale held under this section is to be conducted other than on the Internet, the administrator must publish at least one notice of the sale, at least two weeks but not more than five weeks before the sale, in a newspaper of general circulation in the county in which the property is sold. For purposes of this subsection, the reasonable description of property to be sold required by subsection (b) may be satisfied by posting such information on the administrator's website so long as the newspaper notice includes the website address where such information is posted.

Sec. 2. **[345A.702] DISPOSAL OF SECURITIES.**

(a) The administrator may not sell or otherwise liquidate a security until one year after the administrator receives the security, unless requested to do so by the owner of the security in making a claim for the property.

(b) The administrator may not sell a security listed on an established stock exchange for less than the price prevailing on the exchange at the time of sale. The administrator may sell a security not listed on an established exchange by any commercially reasonable method.

Sec. 3. **[345A.704] PURCHASER OWNS PROPERTY AFTER SALE.**

A purchaser of property at a sale conducted by the administrator under this chapter takes the property free of all claims of the owner, a previous holder, or a person claiming through the owner or holder. The administrator shall execute documents necessary to complete the transfer of ownership to the purchaser.

ARTICLE 24

UNCLAIMED PROPERTY; ADMINISTRATION OF PROPERTY

Section 1. **[345A.801] DEPOSIT OF FUNDS BY ADMINISTRATOR.**

(a) The administrator shall deposit in the general fund all funds received under this chapter, including proceeds from the sale of property under sections 345A.701 to 345A.704, except:

(1) expenses of disposition of property delivered to the administrator under this chapter;

(2) expenses incurred in examining records of or collecting property from a putative holder or holder; and

(3) as otherwise provided in this chapter.

Sec. 2. **[345A.802] ADMINISTRATOR TO RETAIN RECORDS OF PROPERTY.**

The administrator shall:

(1) record and retain the name and last known address of each person shown on a report filed under section 345A.401 to be the apparent owner of property delivered to the administrator;

(2) record and retain the name and last known address of each insured or annuitant and beneficiary shown on the report;

(3) for each policy of insurance or annuity contract listed in the report of an insurance company, record and retain the policy or account number, the name of the company, and the amount due or paid; and

(4) for each apparent owner listed in the report, record and retain the name of the holder that filed the report and the amount due or paid.

ARTICLE 25  
UNCLAIMED PROPERTY; HEARINGS, PROCEDURE,  
AND JUDICIAL REVIEW

Section 1. Minnesota Statutes 2018, section 345.515, is amended to read:

**345.515 AGREEMENTS TO LOCATE REPORTED PROPERTY.**

It is unlawful for a person to seek or receive from another person or contract with a person for a fee or compensation for locating property, ~~knowing it to have been reported or paid or delivered to the commissioner pursuant to chapter 345 prior to 24 months after the date the property is paid or delivered to the commissioner administrator.~~

~~No An agreement entered into after 24 months after the date the property is paid or delivered to the commissioner is valid only if a person thereby undertakes to locate property included in a report for a fee or other compensation exceeding ten percent of the value of the recoverable property unless the agreement is in writing and, is signed by the owner and, discloses the nature and value of the property and the name and address of the holder thereof as such facts have been reported, and provides for compensation in an amount that is no more than 15 percent of the amount collected. Nothing in this section shall be construed to prevent an owner from asserting at any time that an agreement to locate property is based upon an excessive or unjust consideration.~~

Sec. 2. Minnesota Statutes 2018, section 345.53, is amended by adding a subdivision to read:

Subd. 3. **Failure of person examined to retain records.** If a person subject to examination under this chapter does not retain the records required by section 345A.404, the administrator may determine the value of property due using a reasonable method of estimation based on all information available to the administrator, including extrapolation and use of statistical sampling when appropriate and necessary. A payment made based on estimation under this section is a penalty for failure to maintain the records required by section 345A.404, and does not relieve a person from an obligation to report and deliver property to a state in which the holder is domiciled.

ARTICLE 26  
BROADBAND GRANT PROGRAM

Section 1. **BROADBAND GRANT PROGRAM; APPROPRIATION.**

\$35,000,000 in fiscal year 2020 and \$35,000,000 in fiscal year 2021 are appropriated from the general fund to the commissioner of employment and economic development for deposit in the border-to-border broadband fund account under Minnesota Statutes, section 116J.396. The appropriation is onetime and must be used for grants and the purposes specified under Minnesota Statutes, section 116J.395.

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

ARTICLE 27  
ENERGY APPROPRIATIONS

Section 1. **ENERGY 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 "2020" and "2021" used in this article mean that the

appropriations listed under them are available for the fiscal year ending June 30, 2020, or June 30, 2021, respectively. "The first year" is fiscal year 2020. "The second year" is fiscal year 2021. "The biennium" is fiscal years 2020 and 2021.

		<b><u>APPROPRIATIONS</u></b>	
		<b><u>Available for the Year</u></b>	
		<b><u>Ending June 30</u></b>	
		<b><u>2020</u></b>	<b><u>2021</u></b>
<b>Sec. 2. <u>DEPARTMENT OF COMMERCE</u></b>			
<b>Subdivision 1. <u>Total Appropriation</u></b>		<b><u>\$7,258,000</u></b>	<b><u>\$5,465,000</u></b>
<u>Appropriations by Fund</u>			
<u>General</u>	<u>6,202,000</u>	<u>4,409,000</u>	
<u>Petroleum Tank</u>	<u>1,056,000</u>	<u>1,056,000</u>	
<b>Subd. 2. <u>Energy Resources</u></b>		<b><u>6,202,000</u></b>	<b><u>4,409,000</u></b>
<u>(a) \$150,000 each year is to remediate vermiculate insulation from households that are eligible for weatherization assistance under Minnesota Statutes, section 216C.264. Remediation must be done in conjunction with federal weatherization assistance program services.</u>			
<u>(b) \$832,000 each year is for energy regulation and planning unit staff.</u>			
<u>(c) \$525,000 the first year is for reimbursement of litigation costs resulting from the lawsuit filed by North Dakota over provisions in chapter 216H.</u>			
<u>(d) \$8,000 the first year is for transfer to the commissioner of natural resources to develop a plan for converting brome and other grasslands on state-owned lands to restored prairie to provide additional carbon sequestration. The plan must:</u>			
<u>(1) identify lands available for conversion, excluding tax-forfeited lands;</u>			
<u>(2) require that the prairie restorations meet applicable Board of Water and Soil Resources' native vegetation establishment and enhancement guidelines; and</u>			
<u>(3) identify the funding and activities necessary to achieve all initial plantings by 2030.</u>			
<u>(e) \$300,000 the first year and \$300,000 the second year are for grants to schools to install solar energy systems on or adjacent to schools located outside the electric retail service territory of the</u>			

public utility subject to Minnesota Statutes, section 116C.779, subdivision 1. In fiscal year 2022 and beyond, the base amount is \$391,000.

(f) \$30,000 the first year and \$29,000 the second year are for the development of a financial incentive to encourage utilities to invest in energy conservation measures in residences after achieving their 1.75 percent energy-savings goal.

(g) \$547,000 the first year is for transfer to the Board of Regents of the University of Minnesota to conduct a study producing climate model projections through the rest of this century for three-square-mile blocks covering the entire state of Minnesota. This is a onetime appropriation.

(h) \$100,000 the first year is for a study by an independent consultant selected through a request for proposal process to produce a report analyzing the potential costs and benefits of energy storage systems, as defined in Minnesota Statutes, section 216B.2422, subdivision 1, in Minnesota. The study may also include scenarios examining energy storage systems that are not capable of being controlled by a utility. The commissioner must engage a broad group of Minnesota stakeholders, including electric utilities and others, to develop and provide information for the report. The study must:

(1) identify and measure the different potential costs and savings produced by energy storage system deployment, including but not limited to:

(i) generation, transmission, and distribution facilities asset deferral or substitution;

(ii) impacts on ancillary services costs;

(iii) impacts on transmission and distribution congestion;

(iv) impacts on peak power costs;

(v) impacts on emergency power supplies during outages;

(vi) impacts on curtailment of renewable energy generators; and

(vii) reduced greenhouse gas emissions;

(2) analyze and estimate the:

(i) costs and savings to customers that deploy energy storage systems;

(ii) impact on the utility's ability to integrate renewable resources;



(iii) impact on grid reliability and power quality; and

(iv) effect on retail electric rates over the useful life of a given energy storage system compared to providing the same services using other facilities or resources;

(3) consider the findings of the analysis conducted by the Midcontinent Independent System Operator on energy storage capacity accreditation and participation in regional energy markets, including updates of the analysis; and

(4) include case studies of existing energy storage applications currently providing the benefits described in clauses (1) and (2).

The commissioner of commerce must submit the study to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over energy policy and finance by December 31, 2019.

(i) \$31,000 the first year and \$31,000 the second year are for grants for electric vehicle charging stations under Minnesota Statutes, section 216C.403. In fiscal year 2022 and beyond, the base amount is \$30,000.

<b>Subd. 3. <u>Petroleum Tank Release Compensation Board</u></b>	<u>1,056,000</u>	<u>1,056,000</u>
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This appropriation is from the petroleum tank fund.

<b>Sec. 3. <u>PUBLIC UTILITIES COMMISSION</u></b>	<b><u>\$7,793,000</u></b>	<b><u>\$7,793,000</u></b>
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(a) \$21,000 each year is to process utility applications to install equipment crossing a railroad right-of-way.

(b) \$300,000 each year is to enhance the commission's decision-making capability.

## ARTICLE 28 ENERGY PROGRAMS

Section 1. Minnesota Statutes 2018, section 216B.62, subdivision 3b, is amended to read:

Subd. 3b. **Assessment for department regional and national duties.** In addition to other assessments in subdivision 3, the department may assess up to \$500,000 per fiscal year for performing its duties under section 216A.07, subdivision 3a. The amount in this subdivision shall be assessed to energy utilities in proportion to their respective gross operating revenues from retail sales of gas or electric service within the state during the last calendar year and shall be deposited into an account in the special revenue fund and is appropriated to the commissioner of commerce for the purposes of section 216A.07, subdivision 3a. An assessment made under this subdivision is not subject to the cap on assessments provided in subdivision 3 or any other law. For the purpose of this subdivision, an "energy utility" means public utilities, generation and transmission cooperative electric associations, and municipal power agencies providing natural gas or electric service in the state. ~~This subdivision expires June 30, 2018.~~

**EFFECTIVE DATE.** This section is revived and reenacted retroactively from June 29, 2018, except that the department is prohibited from making an assessment under this subdivision to finance the performance of any duties that occurred between June 30, 2018, and the date this section is enacted.

Sec. 2. **[216C.375] SOLAR FOR SCHOOLS PROGRAM.**

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

(b) "Developer" means an entity that installs a solar energy system on a school building awarded a grant under this section.

(c) "Energy storage system" means a commercially available technology capable of:

(1) absorbing and storing electrical energy; and

(2) dispatching stored electrical energy at a later time.

(d) "Photovoltaic device" has the meaning given in section 216C.06, subdivision 16.

(e) "School" means a school that operates as part of an independent or special school district.

(f) "School district" means an independent or special school district.

(g) "Solar energy system" means photovoltaic or solar thermal devices installed alone or in combination with an energy storage system.

Subd. 2. **Establishment; purpose.** A solar for schools program is established in the Department of Commerce. The purpose of the program is to provide grants to (1) stimulate the installation of solar energy systems on or adjacent to school buildings by reducing the cost of solar energy systems, and (2) enable schools to use the solar energy system as a teaching tool that is integrated into the school's curriculum.

Subd. 3. **Establishment of account.** A solar for schools program account is established in the special revenue fund. Money received from the general fund must be transferred to the commissioner of commerce and credited to the account.

Subd. 4. **Expenditures.** (a) Money in the account may be used only:

(1) for grant awards made under this section; and

(2) to pay the reasonable costs incurred by the department to administer this section.

(b) Grant awards made with funds in the account must be used only for grants for solar energy systems installed on or adjacent to school buildings receiving retail electric service from a utility that is not subject to section 116C.779, subdivision 1.

Subd. 5. **Eligible system.** (a) A grant may be awarded to a school under this section only if the solar energy system that is the subject of the grant:

(1) is installed on or adjacent to the school building that consumes the electricity generated by the solar energy system, on property within the service territory of the utility currently providing electric service to the school building; and

(2) has a capacity that does not exceed the lesser of 40 kilowatts or 120 percent of the estimated annual electricity consumption of the school building where the solar energy system is installed.

(b) A school district that receives a rebate or other financial incentive under section 216B.241 for a solar energy system and that demonstrates considerable need for financial assistance, as determined by the commissioner, is eligible for a grant under this section for the same solar energy system.

**Subd. 6. Application process.** (a) The commissioner must issue a request for proposals to utilities, schools, and developers who wish to apply for a grant under this section on behalf of a school.

(b) A utility or developer must submit an application to the commissioner on behalf of a school on a form prescribed by the commissioner. The form must include, at a minimum, the following information:

(1) the capacity of the proposed solar energy system and the amount of electricity that is expected to be generated;

(2) the current energy demand of the school building where the solar energy generating system is to be installed and information regarding any distributed energy resource, including subscription to a community solar garden, that currently provides electricity to the school building;

(3) the size of any energy storage system that is proposed to be installed as part of a solar energy system;

(4) a description of any solar thermal devices proposed as part of the solar energy system;

(5) the total cost to purchase and install the solar energy system and its life-cycle cost, including the cost to remove and dispose the system at the end of its life;

(6) a copy of the proposed contract agreement between the school and the public utility or developer, including provisions addressing responsibility for maintenance of the solar energy system;

(7) the school's plan to make the solar energy system serve as a visible learning tool for students, teachers, and visitors to the school, including how the solar energy system may be integrated into the school's curriculum;

(8) information that demonstrates the school district's level of need for financial assistance available under this section;

(9) information that demonstrates the readiness of the school to implement the project, including but not limited to the availability of the site where the solar energy system is to be installed, and the level of the school's engagement with the utility providing electric service to the school building where the solar energy system is to be installed on issues relevant to the implementation of the project, including metering and other issues;

(10) with respect to the installation and operation of the solar energy system, the willingness and ability of the developer or the public utility to:

(i) pay employees and contractors a prevailing wage rate, as defined in section 177.42, subdivision 6; and

(ii) adhere to the provisions of section 177.43;

(11) how the developer or public utility plans to reduce the school's initial capital expense to purchase and install the solar energy system, and to provide financial benefits to the school from the utilization of federal and state tax credits, utility incentives, and other financial incentives; and

(12) any other information deemed relevant by the commissioner.

(c) The commissioner must administer an open application process under this section at least twice annually.

(d) The commissioner must develop administrative procedures governing the application and grant award process.

Subd. 7. **Energy conservation review.** At the commissioner's request, a school awarded a grant under this section must provide the commissioner information regarding energy conservation measures implemented at the school building where the solar energy system is to be installed. The commissioner may make recommendations to the school regarding cost-effective conservation measures it can implement, and may provide technical assistance and direct the school to available financial assistance programs.

Subd. 8. **Technical assistance.** The commissioner must provide technical assistance to schools to develop and execute projects under this section.

Subd. 9. **Grant payments.** The commissioner must award a grant from the account established under subdivision 3 to a school for the necessary costs associated with the purchase and installation of a solar energy system. The amount of the grant must be based on the commissioner's assessment of the school's need for financial assistance.

Subd. 10. **Limitations.** (a) No more than 50 percent of the grant payments awarded to schools under this section may be awarded to schools where the proportion of students eligible for free and reduced-price lunch under the National School Lunch Program is less than 50 percent.

(b) No more than ten percent of the total amount of grants awarded under this section may be awarded to schools that are part of the same school district.

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

### Sec. 3. **[216C.403] ELECTRIC VEHICLE PUBLIC CHARGING STATION GRANT PROGRAM.**

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

(b) "Electric vehicle" has the meaning given in section 169.011, subdivision 26a.

(c) "Electric vehicle charging station" means infrastructure that recharges an electric vehicle's batteries by connecting the electric vehicle to:

(1) a level two charger that provides a 208- or 240-volt alternating current power source; or

(2) a DC fast charger that has an electric output of 20 kilowatts or greater.

(d) "Park-and-ride facility" has the meaning given in section 174.256, subdivision 2, paragraph (b).

(e) "Public electric vehicle charging station" means an electric vehicle charging station located at a publicly available parking space.

Subd. 2. **Program.** (a) The commissioner must award grants to help fund the installation of a network of public electric vehicle charging stations in areas located outside the retail electric service area of the public utility subject to section 116C.779, subdivision 1, including locations in state and regional parks, trailheads, and park-and-ride

facilities. The commissioner must issue a request for proposals to entities that have experience installing, owning, operating, and maintaining electric vehicle charging stations. The request for proposal must establish technical specifications that electric vehicle charging stations are required to meet.

(b) The commissioner must consult with (1) the commissioner of natural resources to develop optimal locations for electric vehicle charging stations in state and regional parks, and (2) the commissioner of transportation to develop optimal locations for electric vehicle charging stations at park-and-ride facilities.

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

Sec. 4. **RESIDENTIAL ENERGY CONSERVATION FINANCIAL INCENTIVE.**

(a) In addition to any financial incentive approved under Minnesota Statutes, section 216B.16, subdivision 6c, the Public Utilities Commission must approve a financial incentive designed to encourage a public utility to continue investing in cost-effective conservation measures that result in energy savings to residential customers after the public utility has achieved annual energy savings for all customers equivalent to 1.75 percent of gross retail electric energy sales or 1.2 percent of gross annual retail natural gas sales. A public utility is eligible to receive the new incentive developed under this section if the amount of energy savings by residential customers contributing to the 1.75 or 1.2 percent level, as applicable, equals or exceeds the average amount residential customers saved over the most recent three-year period, not counting any savings resulting from the new incentive developed under this section. When reviewing and approving the incentive, the Public Utilities Commission must ensure the effective involvement of interested parties and must apply the criteria established in Minnesota Statutes, section 216B.16, subdivision 6c, paragraph (b).

(b) By November 1, 2019, the commissioner of commerce must develop and submit to the Public Utilities Commission for approval a financial incentive that meets the requirements under paragraph (a). The Public Utilities Commission may modify the financial incentive submitted under this paragraph.

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

Sec. 5. **SMALL-AREA CLIMATE MODEL PROJECTIONS FOR MINNESOTA.**

(a) The Board of Regents of the University of Minnesota must conduct a study that produces climate model projections for the entire state of Minnesota, in blocks as small as three square miles in area.

(b) At a minimum, the study must:

(1) use resources at the Minnesota Supercomputing Institute to analyze high-performing climate models under moderate and high greenhouse gas emissions scenarios and develop a series of projections of temperature, precipitation, snow cover, and a variety of other climate parameters over the rest of this century;

(2) downscale the climate impact results under clause (1) to areas as small as three square miles;

(3) develop a publicly accessible data portal website to (i) allow other universities, nonprofit organizations, businesses, and government agencies to use the model projections, and (ii) educate and train users how to make best use of the data;

(4) incorporate information on how to use the model results in the University of Minnesota Extension existing online climate adaptation training; and

(5) hold at least two "train the trainer" workshops for state agencies, municipalities, and others to educate colleagues how to use and interpret the data for climate adaptation efforts.

(c) Beginning July 1, 2020, and continuing each July 1 through 2022, the University of Minnesota must provide a written report to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over agriculture, energy, and environment. The report must document the progress made on the study and study results, and must note any obstacles encountered that could prevent successful completion of the study.

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

## ARTICLE 29 CLEAN ENERGY AND ENERGY CONSERVATION

Section 1. Minnesota Statutes 2018, section 13.685, is amended to read:

### **13.685 MUNICIPAL UTILITY CUSTOMER DATA.**

Data on customers of municipal electric utilities are private data on individuals or nonpublic data, but may be released to:

- (1) a law enforcement agency that requests access to the data in connection with an investigation;
- (2) a school for purposes of compiling pupil census data;
- (3) the Metropolitan Council for use in studies or analyses required by law;
- (4) a public child support authority for purposes of establishing or enforcing child support; ~~or~~
- (5) a person authorized to receive the data under section 216B.078; or

~~(5)~~ (6) a person where use of the data directly advances the general welfare, health, or safety of the public; the commissioner of administration may issue advisory opinions construing this clause pursuant to section 13.072.

Sec. 2. Minnesota Statutes 2018, section 116C.7792, is amended to read:

### **116C.7792 SOLAR ENERGY INCENTIVE PROGRAM.**

The utility subject to section 116C.779 shall operate a program to provide solar energy production incentives for solar energy systems of no more than a total aggregate nameplate capacity of 40 kilowatts ~~direct~~ alternating current per premise. The owner of a solar energy system installed before June 1, 2018, is eligible to receive a production incentive under this section for any additional solar energy systems constructed at the same customer location, provided that the aggregate capacity of all systems at the customer location does not exceed 40 kilowatts. The program shall be operated for ~~eight~~ nine consecutive calendar years commencing in 2014. \$5,000,000 shall be allocated in each of the first four years, \$15,000,000 in each of the fifth year, \$10,000,000 and sixth years, ~~\$14,000,000~~ in each of the ~~sixth and seventh~~ and eighth years, and \$5,000,000 in the ~~eighth~~ ninth year from funds withheld from transfer to the renewable development account under section 116C.779, subdivision 1, paragraphs (b) and (e), and placed in a separate account for the purpose of the solar production incentive program operated by the utility and not for any other program or purpose. Any unspent amount allocated in the fifth year is available until December 31 of the sixth year. Any unspent amount remaining at the end of any other allocation year must be transferred to the renewable development account. The solar system must be sized to less than 120 percent of the

customer's on-site annual energy consumption when combined with other distributed generation resources and subscriptions provided under section 216B.1641 associated with the premise. The production incentive must be paid for ten years commencing with the commissioning of the system. The utility must file a plan to operate the program with the commissioner of commerce. The utility may not operate the program until it is approved by the commissioner. A change to the program to include projects up to a nameplate capacity of 40 kilowatts or less does not require the utility to file a plan with the commissioner. Any plan approved by the commissioner of commerce must not provide an increased incentive scale over prior years unless the commissioner demonstrates that changes in the market for solar energy facilities require an increase.

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

Sec. 3. **[216B.078] CUSTOMER ENERGY DATA.**

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

(b) "Customer" means a person contracting for or purchasing electric or natural gas service from a utility.

(c) "Customer data" means all data a utility collects, creates, receives, or maintains in which a customer is identified or can be identified as the subject of the data. Customer data includes energy usage data.

(d) "Energy usage data" means a customer's account information and the data a utility collects from the customer's meter that reflects the quantity, quality, or timing of the customer's natural gas use, electricity use, or electricity production. Customer energy usage data includes but is not limited to data regarding:

(1) the amount and timing of energy use and production;

(2) energy outages, frequency, intermittency, or shutoffs;

(3) pricing and rate data applicable to the customer; and

(4) any other energy usage data used to calculate the customer's bill.

(e) "Summary energy usage data" means statistical records and reports derived from energy usage data that do not contain a customer's personally identifiable information.

(f) "Personally identifiable information" means any data in which a customer is identified or can be identified as the subject of the data.

(g) "Third party" means a person, other than a customer, who requests customer energy usage data or summary energy usage data from the utility that maintains the data.

(h) "Utility" means a public utility, retail municipal utility, or retail cooperative association that provides electric or natural gas service to Minnesota customers.

**Subd. 2. Customer access to energy usage data.** (a) A utility must provide a customer with access to the customer's own energy usage data.

(b) Access must be convenient for the typical customer. A utility's procedure to access energy usage data must be user-friendly. The utility must present the energy usage data in a format comprehensible to the typical customer.

(c) A utility must provide access to energy usage data in as close to real-time as practicable.

(d) Access to energy usage data must be provided free of charge to the customer, except that a utility may charge a fee if a customer requests access to energy usage data in a format or standard that differs from the format or standard the utility generally offers to customers.

(e) A utility must notify a customer if it substantially modifies the customer's energy usage data. The notification must include a detailed explanation of the changes made to the customer's energy usage data.

**Subd. 3. Third-party access to energy usage data.** (a) If a customer provides authorization, a utility must provide one or more third parties with access to the customer's energy usage data.

(b) The procedure a utility uses to allow a customer to authorize third-party access to energy usage data must be (1) convenient for the typical customer, and (2) available on the utility's website and in physical form by mail.

(c) The scope of the authorization may limit a third party's access to specific elements of the customer's energy usage data.

(d) An authorization to access energy usage data is valid for the period of time specified in the written authorization. An authorization may include a period without a specified end date.

(e) A customer may revoke an authorization for third-party access at any time. The utility's procedure to revoke authorization must be (1) convenient for the typical customer, and (2) available on the utility's website and in physical form by mail.

(f) Subject to the scope of the authorization, an authorized third party must have the same level of access to the customer's energy usage data as the customer.

(g) To the extent a third party with access to energy usage data under this subdivision maintains the data independent of the utility providing access, the third party is subject to the data security and privacy requirements under subdivision 6.

**Subd. 4. Public access to summary energy data.** (a) A utility must prepare and make available summary energy usage data upon the written request of any person. The procedure a utility uses to allow a person to request summary energy data must be (1) convenient for the typical customer, and (2) available on the utility's website. A utility may charge the requester a fee to prepare and supply summary energy data.

(b) Summary energy usage data provided under this subdivision may include aggregated sets of customer energy usage data from no less than 15 customers. A single customer's energy use must not constitute more than 15 percent of total energy consumption for the requested data set. Summary energy usage data may be disaggregated on a per-customer basis, provided that the customer's identity is not ascertainable.

(c) Within ten days of the date a request for summary energy data is received, a utility must respond by providing the requester with:

(1) the summary energy data requested or a reference to responsive summary energy data published under paragraph (d);

(2) a written statement that describes any fee charged and a time schedule for preparing the requested summary energy data, including reasons for any time delays; or

(3) a written statement stating reasons why the utility has determined the requested summary energy data cannot be prepared.



(d) A utility may make summary energy data publicly available on its website.

**Subd. 5. Fees charged for data.** A utility charging a data access fee authorized by this section must:

(1) base the fee amount on the actual costs incurred by the utility to create and deliver the requested data;

(2) consider the reasonable value to the utility of the data prepared and, if appropriate, reduce the fee assessed to the requesting person;

(3) provide the requesting person with an estimate and explanation of the fee; and

(4) collect the fee before preparing or supplying the requested data.

**Subd. 6. Data security and privacy.** (a) A utility must establish appropriate, industry-standard safeguards to protect the security of energy usage data it maintains. A utility is prohibited from selling, sharing, licensing, or disseminating energy usage data, except as authorized under this section or by state or federal law.

(b) Utilities must implement risk management practices to protect customer data. Risk management practices must include but are not limited to practices that:

(1) identify, analyze, and mitigate cybersecurity risks to customer data;

(2) reasonably protect against loss and unauthorized use, access, or dissemination of customer data;

(3) implement employee training measures to preserve data integrity; and

(4) maintain a comprehensive data breach response program to identify, mitigate, and resolve an incident that causes or results in the unauthorized use, access, or dissemination of customer data. The data breach response program must provide for complete, accurate, and timely notice to customers whose customer data may have been compromised.

(c) If a utility uses a third-party service to maintain or store customer data, the utility must ensure that the third-party service implements risk management practices that meet the requirements under paragraph (b).

**Subd. 7. Enforcement.** The commissioner may enforce this section as provided under section 45.027.

Sec. 4. Minnesota Statutes 2018, section 216B.16, is amended by adding a subdivision to read:

**Subd. 7e. Energy storage system pilot projects.** (a) A public utility may petition the commission under this section to recover costs associated with implementing an energy storage system pilot project. As part of the petition, the public utility must submit a report to the commission containing, at a minimum, the following information regarding the proposed energy storage system pilot project:

(1) the storage technology utilized;

(2) the energy storage capacity and the duration of output at that capacity;

(3) the proposed location;

(4) the purchase and installation costs;

(5) how the project will interact with existing distributed generation resources on the utility's grid; and

(6) the goals the project proposes to achieve, which may include controlling frequency or voltage, mitigating transmission congestion, providing emergency power supplies during outages, reducing curtailment of existing renewable energy generators, and reducing peak power costs.

(b) A utility may petition the commission to approve a rate schedule that provides for the automatic adjustment of charges to recover prudently incurred investments, expenses, or costs associated with energy storage system pilot projects approved by the commission under this subdivision. A petition filed under this subdivision must include the elements listed in section 216B.1645, subdivision 2a, paragraph (b), clauses (1) to (4), and must describe the benefits of the pilot project.

(c) The commission may approve, or approve as modified, a rate schedule filed under this subdivision. The rate schedule filed by the public utility may include the elements listed in section 216B.1645, subdivision 2a, paragraph (a), clauses (1) to (5).

(d) For each pilot project that the commission has determined is in the public interest, the commission must determine the specific amounts that are eligible for recovery under the approved rate schedule within 90 days of the date the specific pilot program receives final approval or within 90 days of the date the public utility files for approval of cost recovery for the specific pilot program, whichever is later.

(e) Nothing in this subdivision prohibits or deters the deployment of energy storage systems.

(f) For the purposes of this subdivision:

(1) "energy storage system" has the meaning given in section 216B.2422, subdivision 1; and

(2) "pilot project" means a project that is (i) owned, operated, and controlled by a public utility to optimize safe and reliable system operations, and (ii) deployed at a limited number of locations in order to assess the technical and economic effectiveness of its operations.

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

Sec. 5. Minnesota Statutes 2018, section 216B.16, subdivision 13, is amended to read:

Subd. 13. **Economic and community development.** The commission may allow a public utility to recover from ratepayers the expenses incurred (1) for economic and community development, and (2) to employ local workers to construct and maintain generation facilities that supply power to the utility's customers.

Sec. 6. Minnesota Statutes 2018, section 216B.1641, is amended to read:

**216B.1641 COMMUNITY SOLAR GARDEN.**

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

(b) "Subscriber" means a retail customer of a utility who owns one or more subscriptions to a community solar garden interconnected with that utility.

(c) "Subscription" means a contract between a subscriber and the owner of a community solar garden.

**Subd. 2. Solar garden; project requirements.** (a) The public utility subject to section 116C.779 shall file by September 30, 2013, a plan with the commission to operate a community solar garden program which shall begin operations within 90 days after commission approval of the plan. Other public utilities may file an application at their election. The community solar garden program must be designed to offset the energy use of not less than five subscribers in each community solar garden facility of which no single subscriber has more than a 40 percent interest. The owner of the community solar garden may be a public utility or any other entity or organization that contracts to sell the output from the community solar garden to the utility under section 216B.164. There shall be no limitation on the number or cumulative generating capacity of community solar garden facilities other than the limitations imposed under section 216B.164, subdivision 4c, or other limitations provided in law or regulations.

(b) A solar garden is a facility that generates electricity by means of a ground-mounted or roof-mounted solar photovoltaic device whereby subscribers receive a bill credit for the electricity generated in proportion to the size of their subscription. The solar garden must have a nameplate capacity of no more than ~~one megawatt~~ three megawatts. Each subscription shall be sized to represent at least 200 watts of the community solar garden's generating capacity and to supply, when combined with other distributed generation resources serving the premises, no more than 120 percent of the average annual consumption of electricity by each subscriber at the premises to which the subscription is attributed.

(c) The solar generation facility must be located in the service territory of the public utility filing the plan. Subscribers must be retail customers of the public utility. Subscribers must be located in the same county as the solar garden or in a contiguous county contiguous to where the facility is located, unless:

(1) the solar garden has a minimum setback of 100 feet from the nearest residential property; and

(2) the owner or operator of the solar garden provides written certification to the commission that at least ten percent of the solar garden's electric generating capacity is reserved for residential subscribers.

(d) The public utility must purchase from the community solar garden all energy generated by the solar garden. Except as provided under subdivision 7, the purchase shall be at the most recent three-year average of the rate calculated annually under section 216B.164, subdivision 10, or, until that rate for the public utility has been approved by the commission, the applicable retail rate. A solar garden is eligible for any incentive programs offered under ~~either section 116C.7792 or section 216C.415.~~ A subscriber's portion of the purchase shall be provided by a credit on the subscriber's bill.

(e) Beginning January 1, 2020, any solar garden application filed with a utility must certify that all workers constructing the solar garden will be paid at the prevailing wage rate, as defined in section 177.42, subdivision 6.

**Subd. 3. Solar garden plan; requirements; nonutility status.** ~~(e)~~ (a) The commission may approve, disapprove, or modify a community solar garden ~~program plan~~. Any plan approved by the commission must:

(1) reasonably allow for the creation, financing, and accessibility of community solar gardens;

(2) establish uniform standards, fees, and processes for the interconnection of community solar garden facilities that allow the utility to recover reasonable interconnection costs for each community solar garden;

(3) not apply different requirements to utility and nonutility community solar garden facilities;

(4) be consistent with the public interest;

(5) identify the information that must be provided to potential subscribers to ensure fair disclosure of future costs and benefits of subscriptions;

- (6) include a program implementation schedule;
- (7) identify all proposed rules, fees, and charges; and
- (8) identify the means by which the program will be promoted.

~~(f)~~ (b) Notwithstanding any other law, neither the manager of nor the subscribers to a community solar garden facility shall be considered a utility solely as a result of their participation in the community solar garden facility.

~~(g)~~ (c) Within 180 days of commission approval of a plan under this section, a utility shall begin crediting subscriber accounts for each community solar garden facility in its service territory, and shall file with the commissioner of commerce a description of its crediting system.

~~(h)~~ For the purposes of this section, the following terms have the meanings given:

~~(1) "subscriber" means a retail customer of a utility who owns one or more subscriptions of a community solar garden facility interconnected with that utility; and~~

~~(2) "subscription" means a contract between a subscriber and the owner of a solar garden.~~

Subd. 4. **Program administration; enforcement.** (a) The Department of Commerce must administer the community solar garden program and is responsible for implementing all elements of the program. The department's duties under this section include:

(1) processing community solar garden applications;

(2) establishing and accepting program fees from applicants and solar garden managers;

(3) calculating the rate paid to subscribers and submitting the rate to the commission for approval;

(4) ensuring that community solar garden program documents and protocols are available to subscribers;

(5) ensuring that solar garden managers provide adequate notice to subscribers of changes in solar garden operations, including but not limited to adjustments in subscriber bill credit rates;

(6) ensuring that a utility conducts the interconnection process in a timely fashion;

(7) ensuring that the actions of solar garden owners, operators, and subscribers comply with this section and orders of the commission; and

(8) other administrative tasks as determined by the commissioner.

(b) The commissioner may use the authority granted under section 45.027 to enforce any violations related to the duties and responsibilities entrusted to the commissioner under this subdivision.

Subd. 5. **Account established.** A solar garden administrative account is established in the special revenue fund. Fees collected under this section must be deposited in and credited to the account. Money in the account, including interest, is appropriated to the commissioner to administer this section.

Subd. 6. **Community access project; eligibility.** Any community solar garden established under a plan approved by the commission may petition the commission to be designated as a community access project. The commission must designate a solar garden as a community access project if the solar garden meets the following conditions:

(1) at least 50 percent of the solar garden's generating capacity is subscribed by residential customers;

(2) the contract between an owner of the solar garden and the public utility that purchases the garden's electricity, and any agreement between the utility or owner of the solar garden and subscribers, states (i) the owner of the solar garden does not discriminate against or screen subscribers based on income or credit score, and (ii) any customer of a utility whose community solar garden plan has been approved by the commission under subdivision 3 is eligible to become a subscriber;

(3) the solar garden is operated by an entity that maintains a physical address in Minnesota and has designated a contact person in Minnesota who responds to subscriber inquiries; and

(4) the agreement between the owner of the solar garden and subscribers states the owner will adequately publicize and convene at least one meeting annually to provide an opportunity for subscribers to address questions to the manager or owner.

**Subd. 7. Community access project; financial arrangements.** (a) If a solar garden is approved by the commission as a community access project:

(1) the public utility purchasing the electricity generated by the community access project may charge the owner of the community access project no more than one cent per watt alternating current, based on the solar garden's generating capacity, for any refundable deposit the utility requires of a solar garden during the application process;

(2) the public utility must purchase all energy generated by the community access project at the retail rate;

(3) a subscriber's portion of the energy purchased from a community access project by a public utility must be credited to the subscriber's bill; and

(4) all renewable energy credits generated by the community access project belong to subscribers unless the operator:

(i) contracts to sell the renewable energy credits to a third party, or sell or transfer the renewable energy credits to the utility; and

(ii) discloses the sale or transfer to a subscriber at the time the subscriber enters into a subscription.

(b) If at any time a solar garden approved by the commission as a community access project fails to meet the conditions under subdivision 6, the solar garden is no longer subject to subdivisions 7 and 8 and must operate under the program rules established by the commission for a solar garden that does not qualify as a community access project.

(c) An owner of a solar garden whose designation as a community access project is revoked under this subdivision may reapply to the commission at any time to have its designation as a community access project reinstated under subdivision 6.

**Subd. 8. Community access project; reporting.** (a) The owner of a community access project must include the following information in an annual report to the subscribers of the community access project and the utility:

(1) a description of the process by which subscribers can provide input to solar garden policy and decision-making;

(2) the amount of revenues received by the solar garden in the previous year that were allocated to categories that include but are not limited to operating costs, debt service, profits distributed to subscribers, and profits distributed to others; and

(3) an analysis of the proportion of subscribers that are low- and moderate-income, and a description of one or more of the following methods used to calculate that proportion:

(i) income verification by subscribers;

(ii) subscriber evidence that the subscriber or a member of the subscriber's household receives assistance from any of the following sources:

(A) the low-income home energy assistance program;

(B) Section 8 housing assistance;

(C) medical assistance;

(D) the Supplemental Nutrition Assistance Program; or

(E) the National School Lunch Program;

(iii) characterization of the census tract in which the subscriber resides as low- or moderate-income by the Federal Financial Institutions Examination Council; or

(iv) other methods approved by the commission.

Subd. 9. **Commission order.** Within 180 days of the effective date of this act, the commission must issue an order incorporating the provisions of this act.

**EFFECTIVE DATE.** Subdivisions 4 and 5 are effective January 1, 2020. Subdivisions 1 to 3 and 6 to 9 are effective the day following final enactment.

Sec. 7. **[216B.1643] SOLAR GARDEN GRANT PROGRAM FOR LOW-INCOME HOUSEHOLDS.**

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

(b) "Eligible entity" means a community action agency, as defined in section 256E.31, a tribal or county governmental agency, or a non-profit governmental organization that administers low-income energy programs for the Department of Commerce.

(c) "Income-eligible residential household" means a household with an annual income that is (1) 50 percent or less of the state median household income, or (2) 200 percent or less of the federal poverty level.

(d) "Solar garden" has the meaning given in section 216B.1641.

Subd. 2. **Establishment; purpose.** A solar garden grant program for income-eligible residential households is established in the Department of Commerce to award grants that promote the development of solar gardens for income-eligible residential households. Funds in the account are reserved for the purpose of this section and do not lapse.

Subd. 3. **Eligibility.** (a) A solar garden owner is eligible to receive a grant under this section if:

(1) the new solar garden capacity is 500 kilowatts or less;

(2) all of the solar garden subscribers are income-eligible residential households, as defined through a yearly application provided by the Department of Commerce; and

(3) the solar garden is operated by an eligible entity or by a third party performing the duties under a contract with an eligible entity.

(b) An eligible entity is responsible for managing the solar garden and must annually certify to the commissioner that the solar garden complies with paragraph (a).

Subd. 4. **Application process; content.** (a) An eligible applicant must submit an application to the commissioner on a form designated by the commissioner. The commissioner must develop administrative procedures that govern the application, grant award process, and ongoing solar garden management requirements.

(b) An application for a grant under this section must include:

(1) evidence that the solar garden meets the eligibility requirements under subdivision 3; and

(2) any other information requested by the commissioner.

Subd. 5. **Account established.** A low-income community solar account is established as a separate account in the special revenue fund. Money transferred from the renewable development account to the commissioner must be deposited in the account. Money from the account is appropriated to the commissioner for the purposes of this section.

Subd. 6. **Limitations.** A grant awarded under this section must not exceed 60 percent of the total cost to develop the community solar garden.

Subd. 7. **Eligible expenditures.** Money from the account established in subdivision 5 may be expended to: (1) finance, purchase, and install facilities necessary to operate a solar garden; and (2) pay reasonable expenses incurred by the department to administer the program and certify applicant eligibility on an ongoing basis.

Sec. 8. Minnesota Statutes 2018, section 216B.1645, subdivision 1, is amended to read:

Subdivision 1. **Commission authority.** Upon the petition of a public utility, the Public Utilities Commission shall approve or disapprove power purchase contracts, investments, or expenditures entered into or made by the utility to satisfy the wind and biomass mandates contained in sections 216B.169, 216B.2423, and 216B.2424, and to satisfy the renewable energy objectives and standards set forth in section 216B.1691, including reasonable investments and expenditures, net of revenues, made to:

(1) transmit the electricity generated from sources developed under those sections that is ultimately used to provide service to the utility's retail customers, including studies necessary to identify new transmission facilities needed to transmit electricity to Minnesota retail customers from generating facilities constructed to satisfy the renewable energy objectives and standards, provided that the costs of the studies have not been recovered previously under existing tariffs and the utility has filed an application for a certificate of need or for certification as a priority project under section 216B.2425 for the new transmission facilities identified in the studies;

(2) provide storage facilities for renewable energy generation facilities that contribute to the reliability, efficiency, or cost-effectiveness of the renewable facilities; or

(3) develop renewable energy sources from the account required in section 116C.779.

Sec. 9. Minnesota Statutes 2018, section 216B.1645, subdivision 2, is amended to read:

Subd. 2. **Cost recovery.** The expenses incurred by the utility over the duration of the approved contract or useful life of the investment ~~and~~ expenditures made pursuant to section 116C.779 ~~shall be, and employment of local workers to construct and maintain generation facilities that supply power to the utility's customers are~~ recoverable from the ratepayers of the utility, to the extent they are not offset by utility revenues attributable to the contracts, investments, or expenditures. Upon petition by a public utility, the commission shall approve or approve as modified a rate schedule providing for the automatic adjustment of charges to recover the expenses or costs approved by the commission under subdivision 1, which, in the case of transmission expenditures, are limited to the portion of actual transmission costs that are directly allocable to the need to transmit power from the renewable sources of energy. The commission may not approve recovery of the costs for that portion of the power generated from sources governed by this section that the utility sells into the wholesale market.

Sec. 10. Minnesota Statutes 2018, section 216B.1691, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) Unless otherwise specified in law, "eligible energy technology" means an energy technology that generates electricity from the following renewable energy sources:

(1) solar;

(2) wind;

(3) hydroelectric with a capacity of less than 100 megawatts;

(4) hydrogen, provided that after January 1, 2010, the hydrogen must be generated from the resources listed in this paragraph; or

(5) biomass, which includes, without limitation, landfill gas; an anaerobic digester system; the predominantly organic components of wastewater effluent, sludge, or related by-products from publicly owned treatment works, but not including incineration of wastewater sludge to produce electricity; and an energy recovery facility used to capture the heat value of mixed municipal solid waste or refuse-derived fuel from mixed municipal solid waste as a primary fuel.

(b) "Electric utility" means a public utility providing electric service, a generation and transmission cooperative electric association, a municipal power agency, or a power district.

(c) "Total retail electric sales" means the kilowatt-hours of electricity sold in a year by an electric utility to retail customers of the electric utility or to a distribution utility for distribution to the retail customers of the distribution utility. "Total retail electric sales" does not include the sale of hydroelectricity supplied by a federal power marketing administration or other federal agency, regardless of whether the sales are directly to a distribution utility or are made to a generation and transmission utility and pooled for further allocation to a distribution utility.

(d) "Carbon-free" means a technology that generates electricity without emitting carbon dioxide.

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



Sec. 11. Minnesota Statutes 2018, section 216B.1691, subdivision 2b, is amended to read:

Subd. 2b. **Modification or delay of standard.** (a) The commission shall modify or delay the implementation of a standard obligation, in whole or in part, if the commission determines it is in the public interest to do so. The commission, when requested to modify or delay implementation of a standard, must consider:

(1) the impact of implementing the standard on its customers' utility costs, including the economic and competitive pressure on the utility's customers;

(2) the environmental costs incurred as a result of a delay or modification, based on the environmental cost values established in section 216B.2422, subdivision 3;

~~(3)~~ the effects of implementing the standard on the reliability of the electric system;

~~(3)~~ ~~(4)~~ technical advances or technical concerns;

~~(4)~~ ~~(5)~~ delays in acquiring sites or routes due to rejection or delays of necessary siting or other permitting approvals;

~~(5)~~ ~~(6)~~ delays, cancellations, or nondelivery of necessary equipment for construction or commercial operation of an eligible energy technology facility;

~~(6)~~ ~~(7)~~ transmission constraints preventing delivery of service; and

~~(7)~~ ~~(8)~~ other statutory obligations imposed on the commission or a utility.

~~(b)~~ The commission may modify or delay implementation of a standard obligation under paragraph (a), clauses (1) to ~~(3)~~ ~~(4)~~, only if it finds implementation would cause significant rate impact, requires significant measures to address reliability, would not cause significant environmental costs, or raises significant technical issues. The commission may modify or delay implementation of a standard obligation under paragraph (a), clauses ~~(4)~~ ~~(5)~~ to ~~(6)~~ ~~(7)~~, only if it finds that the circumstances described in those clauses were due to circumstances beyond an electric utility's control and make compliance not feasible.

(c) When evaluating transmission capacity constraints under paragraph (a), clause (7), the commission must consider:

(1) whether the utility has, in a timely fashion, undertaken reasonable measures under its control and consistent with its obligations under local, state, and federal laws and regulations, and its obligations as a member of the Midcontinent Independent System Operator, to acquire sites, necessary permit approvals, and necessary equipment to develop and construct new transmission lines or upgrade existing transmission lines to transmit electricity generated by eligible energy technologies; and

(2) whether the utility has taken all reasonable operational measures to maximize cost-effective electricity delivery from eligible energy technologies in advance of transmission availability.

~~(b)~~ ~~(d)~~ When considering whether to delay or modify implementation of a standard obligation, the commission must give due consideration to a preference for electric generation through use of eligible energy technology and to the achievement of the standards set by this section.

~~(e)~~ ~~(e)~~ An electric utility requesting a modification or delay in the implementation of a standard must file a plan to comply with its standard obligation in the same proceeding that it is requesting the delay.

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

Sec. 12. Minnesota Statutes 2018, section 216B.1691, is amended by adding a subdivision to read:

Subd. 2g. **Carbon-free standard.** Each electric utility subject to subdivision 2a shall generate or procure sufficient electricity generated by carbon-free technologies to provide its retail customers in Minnesota, or the retail customers of a distribution utility to which the electric utility provides wholesale electric service, so that 100 percent of the electric utility's total retail electric sales to retail customers in Minnesota is generated by carbon-free technologies by the end of 2050.

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

Sec. 13. Minnesota Statutes 2018, section 216B.1691, subdivision 9, is amended to read:

Subd. 9. **Local benefits.** (a) The commission shall take all reasonable actions within its statutory authority to ensure this section is implemented ~~to maximize~~ in a manner that maximizes benefits to all Minnesota citizens, balancing and local workers throughout the state. Benefits under this subdivision include but are not limited to:

(1) the creation of high-quality jobs in Minnesota that pay wages that support families;

(2) recognition of the rights of workers to organize and unionize;

(3) ensuring workers have the necessary tools, opportunities, and economic assistance to adapt successfully during the energy transition, particularly in communities that host retiring power plants or that contain historically marginalized and underrepresented populations;

(4) ensuring all Minnesotans share (i) the benefits of clean and renewable energy, and (ii) the opportunity to participate fully in the clean energy economy;

(5) ensuring air emissions are reduced in communities historically burdened by pollution and the impacts of climate change; and

(6) the provision of affordable electric service to Minnesotans, and particularly to low-income consumers.

(b) The commission must also implement this section in a manner that balances factors such as local ownership of or participation in energy production, local job impacts, development and ownership of eligible energy technology facilities by independent power producers, Minnesota utility ownership of eligible energy technology facilities, the costs of energy generation to satisfy the renewable ~~standard~~ and carbon-free standards, and the reliability of electric service to Minnesotans.

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

Sec. 14. **[216B.1697] ENERGY STORAGE SYSTEM; APPLICATION.**

Subdivision 1. **Definition.** For the purposes of this section, "energy storage system" means a commercially available technology that uses mechanical, chemical, or thermal processes to:

(1) store energy and deliver the stored energy for use at a later time; or

(2) store thermal energy for direct use for heating or cooling at a later time in a manner that reduces the demand for electricity at the later time.

Subd. 2. **Application requirement.** No later than January 1, 2021, each public utility providing retail electric service in Minnesota must submit to the commission for review and approval an application to install one or more energy storage systems.

Subd. 3. **Application contents.** (a) Each application submitted under this section must contain the following information:

(1) technical specifications of the energy storage system, including but not limited to:

(i) the maximum amount of electric output that the energy storage system can provide;

(ii) the length of time the energy storage system can sustain its maximum output;

(iii) the location of the project and a description of the analysis conducted to determine the location;

(iv) the needs of the public utility's electric system the proposed energy storage system addresses;

(v) a description of the types of services the energy storage system is expected to provide; and

(vi) a description of the technology required to construct, operate, and maintain the energy storage system, including any data or communication system necessary to operate the energy storage system;

(2) the estimated cost of the project, including:

(i) capital costs;

(ii) the estimated cost per unit of energy delivered by the energy storage system; and

(iii) an evaluation of the energy storage system's cost-effectiveness;

(3) the estimated benefits of the energy storage system to the public utility's electric system, including but not limited to:

(i) deferred investments in generation, transmission, or distribution capacity;

(ii) reduced need for electricity during times of peak demand;

(iii) improved reliability of the public utility's transmission or distribution system; and

(iv) improved integration of the public utility's renewable energy resources;

(4) how the addition of an energy storage system complements proposed actions of the public utility described in its most recent integrated resource plan submitted under section 216B.2422, to meet expected demand with the lowest-cost combination of resources; and

(5) any additional information required by the commission.

(b) A public utility must include in its application an evaluation of the potential to store energy in the public utility's electric system, and must identify geographic areas in the public utility's service area where the deployment of energy storage systems has the greatest potential to achieve the economic benefits identified in paragraph (a), clause (3).

Subd. 4. **Commission review.** The commission must review each proposal submitted under this section, and may approve, reject, or modify the proposal. The commission must approve a proposal it determines is in the public interest and reasonably balances the value derived from the deployment of an energy storage system for ratepayers and the public utility's operations with the costs of procuring, constructing, operating, and maintaining the energy storage system.

Subd. 5. **Cost recovery.** A public utility may recover from ratepayers all costs prudently incurred by the public utility to deploy an energy storage system approved by the commission under this section, net of any revenues generated by the operation of the energy storage system.

Subd. 6. **Commission authority; orders.** The commission may issue orders necessary to implement and administer this section.

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

Sec. 15. **[216B.1698] INNOVATIVE CLEAN TECHNOLOGIES.**

(a) For purposes of this section, "innovative clean technology" means advanced energy technology that is:

- (1) environmentally superior to technologies currently in use;
- (2) expected to offer energy-related, environmental, or economic benefits; and
- (3) not widely deployed by the utility industry.

(b) A public utility may petition the commission for authorization to invest in a project or projects to deploy one or more innovative clean technologies to further the development, commercialization, and deployment of innovative clean technologies for the benefit of utility customers.

(c) The commission may approve a petition under paragraph (b) if it finds:

- (1) the technologies proposed to be deployed are innovative clean technologies;
- (2) the utility is meeting its energy conservation goals under section 216B.241; and
- (3) the petition does not result in a utility spending more than \$5,000,000 per year on innovative clean technologies under this section.

(d) The commission may also permit a public utility to file rate schedules containing provisions to automatically adjust charges for public utility service in direct relation to changes in prudent costs incurred by a utility under this section, up to \$5,000,000 each year. To the extent the utility investment under this section is for a capital asset, the utility may request that the asset be included in the utility's rate base.

Sec. 16. Minnesota Statutes 2018, section 216B.2401, is amended to read:

**216B.2401 ENERGY SAVINGS AND OPTIMIZATION POLICY GOAL.**

(a) The legislature finds that energy savings are an energy resource, and that cost-effective energy savings are preferred over all other energy resources. In addition, the legislature finds that optimizing when and how energy consumers manage energy use can provide significant benefits to the consumers and to the utility system as a whole. The legislature further finds that cost-effective energy savings and load management programs should be procured

systematically and aggressively in order to reduce utility costs for businesses and residents, improve the competitiveness and profitability of businesses, create more energy-related jobs, reduce the economic burden of fuel imports, and reduce pollution and emissions that cause climate change. Therefore, it is the energy policy of the state of Minnesota to achieve annual energy savings ~~equal equivalent~~ to at least ~~1.5~~ 2.5 percent of annual retail energy sales of electricity and natural gas through ~~cost-effective energy conservation improvement programs and rate design, energy efficiency achieved by energy consumers without direct utility involvement, energy codes and appliance standards, programs designed to transform the market or change consumer behavior, energy savings resulting from efficiency improvements to the utility infrastructure and system, and other efforts to promote energy efficiency and energy conservation.~~ multiple means, including but not limited to:

(1) cost-effective energy conservation improvement programs and efficient fuel-switching utility programs under sections 216B.2402 to 216B.241;

(2) rate design;

(3) energy efficiency achieved by energy consumers without direct utility involvement;

(4) advancements in statewide energy codes and cost-effective appliance and equipment standards;

(5) programs designed to transform the market or change consumer behavior;

(6) energy savings resulting from efficiency improvements to the utility infrastructure and system; and

(7) other efforts to promote energy efficiency and energy conservation.

(b) A utility is encouraged to design and offer to its customers load management programs that enable (1) customers to maximize the economic value gained from the energy purchased from the customer's utility service provider, and (2) utilities to optimize the infrastructure and generation capacity needed to effectively serve customers and facilitate the integration of renewable energy into the energy system. The commissioner must provide a reasonable estimate for progress toward this statewide energy-savings goal in the annual report required under section 216B.241, subdivision 1c, along with recommendations for administrative or legislative initiatives to increase energy savings toward that goal. The commissioner must also annually report on the energy productivity of the state's economy by providing an estimate of the ratio of economic output produced in the most recently completed calendar year to the primary energy inputs used in that year.

Sec. 17. **[216B.2402] DEFINITIONS.**

(a) For the purposes of section 216B.16, subdivision 6b, and sections 216B.2401 to 216B.241, the terms defined in this section have the meanings given them.

(b) "Consumer-owned utility" means a municipal utility or a cooperative electric association.

(c) "Cumulative lifetime savings" means the total electric energy or natural gas savings in a given year from energy conservation improvements installed in the given year or in previous years that are still operational have not reached the end of the improvement's useful life.

(d) "Efficient fuel-switching improvement" means a project that: replaces a fuel used by a customer with electricity or natural gas delivered at retail by a utility subject to this section, resulting in a net increase in the use of electricity or natural gas and a net decrease in source energy consumption on a fuel-neutral basis; and otherwise meets the criteria established in section 216B.2403, subdivision 8. An efficient fuel-switching improvement requires the installation of equipment that utilizes electricity or natural gas, resulting in a reduction or elimination of use of the previous fuel. An efficient fuel-switching improvement is not an energy conservation improvement even if it results in a net reduction in electricity or natural gas.

(e) "Energy conservation" means an action that results in a net reduction in electricity or natural gas consumption. Energy conservation does not include an efficient fuel-switching improvement.

(f) "Energy conservation improvement" means a project that results in energy efficiency or energy conservation. Energy conservation improvement may include waste heat that is recovered and converted into electricity, but does not include electric utility infrastructure projects approved by the commission under section 216B.1636. Energy conservation improvement includes waste heat recovered and used as thermal energy.

(g) "Energy efficiency" means measures or programs, including energy conservation measures or programs, that target consumer behavior, equipment, processes, or devices and are designed to produce either an absolute decrease in consumption of electricity or natural gas or a decrease in consumption of electric energy or natural gas on a per unit of production basis, without reducing the quality or level of service provided to the energy consumer.

(h) "Fuel" means energy consumed by a retail utility customer. Fuel includes electricity, propane, natural gas, heating oil, gasoline, diesel fuel, or steam.

(i) "Fuel neutral" means an approach that compares the use of various fuels for a given end use, using a common metric.

(j) "Gross annual retail energy sales" means the annual electric sales to all retail customers in a utility's or association's Minnesota service territory or natural gas throughput to all retail customers, including natural gas transportation customers, on a utility's distribution system in Minnesota. Gross annual retail energy sales does not include:

(1) gas sales to:

(i) a large energy facility;

(ii) a large customer facility whose natural gas utility has been exempted by the commissioner under section 216B.241, subdivision 1a, paragraph (a), with respect to natural gas sales made to the large customer facility; and

(iii) a commercial gas customer facility whose natural gas utility has been exempted by the commissioner under section 216B.241, subdivision 1a, paragraph (b), with respect to natural gas sales made to the commercial gas customer facility; or

(2) electric sales to a large customer facility whose electric utility has been exempted by the commissioner under section 216B.241, subdivision 1a, paragraph (a), with respect to electric sales made to the large facility.

(k) "Investments and expenses of a public utility" means the investments and expenses incurred by a public utility in connection with an energy conservation improvement.

(l) "Large customer facility" means all buildings, structures, equipment, and installations at a single site that collectively (1) impose a peak electrical demand on an electric utility's system of at least 20,000 kilowatts, measured in the same way as the utility that serves the customer facility measures electric demand for billing purposes, or (2) consume at least 500,000,000 cubic feet of natural gas annually. When calculating peak electrical demand, a large customer facility may include demand offset by on-site cogeneration facilities and, if engaged in mineral extraction, may aggregate peak energy demand from the large customer facility's mining processing operations.

(m) "Large energy facility" has the meaning given in section 216B.2421, subdivision 2, clause (1).

(n) "Lifetime energy savings" means the amount of savings a particular energy conservation improvement produces over the improvement's effective useful lifetime.

(o) "Load management" means an activity, service, or technology to change the timing or the efficiency of a customer's use of energy that allows a utility or a customer to (1) respond to local and regional energy system conditions, or (2) reduce peak demand for electricity or natural gas. Load management that reduces the customer's net annual energy consumption is also energy conservation.

(p) "Low-income household" means a household whose household income is 60 percent or less of the state median household income.

(q) "Low-income programs" means energy conservation improvement programs that directly serve the needs of low-income persons, including low-income renters. Multifamily buildings of five units or more that are rented by low-income persons are eligible to be served through low-income programs, which may include upgrading appliances, upgrading heating and air conditioning equipment, and building envelope improvements.

(r) "Member" has the meaning given in section 308B.005, subdivision 15.

(s) "Qualifying utility" means a utility that supplies a customer with energy that enables the customer to qualify as a large customer facility.

(t) "Source energy" means the total amount of fuel required for a given purpose, considering energy losses in the production, transmission, and delivery of the energy.

(u) "Waste heat recovered and used as thermal energy" means capturing heat energy that would be exhausted or dissipated to the environment from machinery, buildings, or industrial processes, and productively using the recovered thermal energy where it was captured or distributing it as thermal energy to other locations where it is used to reduce demand-side consumption of natural gas, electric energy, or both.

(v) "Waste heat recovery converted into electricity" means an energy recovery process that converts otherwise lost energy from the heat of exhaust stacks or pipes used for engines or manufacturing or industrial processes, or the reduction of high pressure in water or gas pipelines.

**Sec. 18. [216B.2403] CUSTOMER-OWNED UTILITIES; ENERGY CONSERVATION AND OPTIMIZATION.**

Subdivision 1. **Applicability.** This section applies to:

(1) a cooperative electric association that provides retail service to more than 5,000 members;

(2) a municipality that provides electric service to more than 1,000 retail customers; and

(3) a municipality with more than 1,000,000,000 cubic feet in annual throughput sales to natural gas retail customers.

Subd. 2. **Consumer-owned utility; energy-savings goal.** (a) Each individual consumer-owned utility subject to this section has an annual energy-savings goal equivalent to 1.5 percent of gross annual retail energy sales. The annual energy-savings goal must be met with a minimum of energy savings from energy conservation improvements equivalent to at least one percent of the consumer-owned utility's gross annual retail energy sales. The balance of energy savings toward the annual energy-savings goal must be achieved by the following utility activities:

(1) energy savings from additional energy conservation improvements;

(2) electric utility infrastructure projects, as defined in section 216B.1636, subdivision 1; or

(3) net energy savings from efficient fuel-switching improvements that meet the criteria under subdivision 8.

(b) Nothing in this section limits a utility's ability to report and recognize savings from activities under paragraph (a), clauses (2) and (3), in excess of the utility's annual energy savings, provided the utility has met the minimum energy-savings goal from energy conservation improvements.

(c) The energy-savings goals specified in this section must be calculated based on the most recent three-year, weather-normalized average. A consumer-owned utility that elects to file annual plans may carry forward for up to three years any energy savings in excess of its 1.5 percent energy-savings goal in a single year.

(d) A consumer-owned utility subject to this section is not required to make energy conservation improvements that are not cost-effective, even if the improvement is necessary to attain the energy-savings goal. A consumer-owned utility subject to this section must make reasonable efforts to implement energy conservation improvements above the minimum level set under this subdivision if cost-effective opportunities and utility funding are available, considering other potential investments the utility plans to make for the benefit of customers during the term of the plan filed under subdivision 4.

(e) A consumer-owned utility may request that the commissioner adjust its minimum goal for energy savings from energy conservation improvements specified under paragraph (a) for the period of the plan filed under subdivision 4. The request must be made by January 1 of a year when the utility must file a plan under subdivision 4. The request must be based on:

(1) historical energy conservation improvement program achievements;

(2) customer class makeup;

(3) projected load growth;

(4) an energy conservation potential study that estimates the amount of cost-effective energy conservation potential that exists in the utility's service territory;

(5) the cost-effectiveness and quality of the energy conservation programs offered by the utility; and

(6) other factors the commissioner and consumer-owned utility determine warrant an adjustment.

The commissioner must adjust the savings goal to a level the commissioner determines is supported by the record, but must not approve a minimum energy-savings goal from energy conservation improvements that is less than one percent of gross annual retail energy sales.

**Subd. 3. Consumer-owned utility; energy savings investments.** (a) Each cooperative electric association and municipality subject to subdivision 2 must spend and invest in the following amounts for energy conservation improvements under this subdivision:

(1) for a municipality, 0.5 percent of its gross operating revenues from the sale of gas and 1.5 percent of its gross operating revenues from the sale of electricity, excluding gross operating revenues from electric and gas service provided in Minnesota to large electric customer facilities; and



(2) for a cooperative electric association, 1.5 percent of its gross operating revenues from service provided in the state, excluding gross operating revenues from service provided in the state to large electric customer facilities indirectly through a distribution cooperative electric association.

(b) Each municipality and cooperative electric association subject to this subdivision must identify and implement energy conservation improvement spending and investments that are appropriate for the municipality or association, except that a municipality or association must not spend or invest for energy conservation improvements that directly benefit a large energy facility or a large electric customer facility that the commissioner has issued an exemption to under section 216B.241, subdivision 1a, paragraph (a).

**Subd. 4. Consumer-owned utility; energy conservation and optimization plans.** (a) By June 1, 2021, each consumer-owned utility must file with the commissioner an energy conservation and optimization plan that describes the programs for energy conservation, efficient fuel-switching improvements and load management programs, and other processes and programs the utility plans to use to achieve its energy-savings goal. The plan may cover a period not to exceed two years. The plan must provide an analysis of the cost-effectiveness of the consumer-owned utility's programs offered under the plan, using a list of baseline energy- and capacity-savings assumptions developed in consultation with the department. An individual utility program may combine elements of energy conservation, load management, or efficient fuel-switching. Plans received by June 1 must be evaluated by the commissioner based on how well the plan meets the goals set under subdivision 2 by December 1 of the same year, including the commissioner's assessment of whether the plan is likely to achieve the goals. Beginning June 1, 2022, and every June 1 thereafter, each consumer-owned utility must file: (1) an annual update identifying the status of its annual plan filed under this subdivision, including (i) total expenditures and investments made to date, and (ii) any intended changes to the plan; and (2) a summary of the annual energy-savings achievements under a completed plan and a new plan that complies with this section.

(b) In the filings required under paragraph (a), a consumer-owned utility must describe and evaluate the programs offered by the utility under the plan, including:

(1) energy conservation improvements in the previous period and its progress toward the minimum energy-savings goal from energy conservation improvements described in subdivision 2, including accounting for lifetime savings and cumulative lifetime energy savings under the plan. The evaluation must briefly describe each conservation program the utility offers or plans to offer, and must specify the energy savings or increased efficiency in the use of energy within the service territory of the utility that is the result of the program. The commissioner must review each evaluation and make recommendations, where appropriate, to the consumer-owned utility to increase the effectiveness of conservation improvement activities. The commissioner must consider and may require a consumer-owned utility to undertake a cost-effective program suggested by an outside source, including a political subdivision, nonprofit corporation, or community organization;

(2) load management activities, including an analysis of the reduction in peak load resulting from the program and an assessment of the cost-effectiveness of each program; and

(3) efficient fuel-switching improvement activities, including an analysis regarding how each program meets the criteria specified in subdivision 8 and an assessment of the cost-effectiveness of each program. For improvements requiring the deployment of electric technologies, the plan must also provide an analysis regarding how the fuel-switching improvement is operated in order to facilitate the integration of variable renewable energy into the electric system.

(c) When evaluating the cost-effectiveness of utility programs, the consumer-owned utility and the commissioner must consider the costs and benefits to ratepayers, the utility, participants, and society. In addition, the commissioner must consider the rate at which the consumer-owned utility is increasing its energy savings and expenditures on energy conservation, and its lifetime energy savings and cumulative energy savings.

(d) Each consumer-owned utility subject to this subdivision may annually spend and invest up to ten percent of the total amount spent and invested on energy conservation improvements under this subdivision on research and development projects that meet the definition of energy conservation improvement and that are funded directly by the consumer-owned utility.

(e) A generation and transmission cooperative electric association or municipal power agency that provides energy services to consumer-owned utilities may invest in energy conservation improvements on behalf of consumer-owned utilities it serves and may fulfill the conservation, reporting, and energy-savings goals for any of those consumer-owned utilities on an aggregate basis. For consumer-owned utilities electing to aggregate services under this paragraph, multiyear plans up to three years may be filed with the commissioner.

(f) A consumer-owned utility is prohibited from spending for or investing in energy conservation improvements that directly benefit a large energy facility or a large electric customer facility the commissioner has issued an exemption to under section 216B.241, subdivision 1a.

(g) The energy conservation and optimization plan of each consumer-owned utility subject to this section must include activities to improve energy efficiency in the public schools served by the utility. At a minimum, those activities must consist of programs to update lighting in the school, update the heating and cooling systems of the school, provide for building recommissioning, provide building operator training, and provide opportunities to educate students, teachers, and staff regarding energy efficiency measures implemented at that school.

**Subd. 5. Low-income programs.** (a) Each consumer-owned utility subject to this section must provide energy conservation programs to low-income households. The commissioner must evaluate a utility's plans under this section, considering the utility's historic spending and participation levels, energy savings resulting from low-income programs, and the number of low-income persons residing in the utility's service territory. A municipal utility that furnishes gas service must spend at least 0.4 percent of its most recent three-year average gross operating revenue from residential customers in Minnesota on low-income programs. A consumer-owned utility that furnishes electric service must spend at least 0.4 percent of its gross operating revenue from residential customers in Minnesota on low-income programs. This requirement applies to each generation and transmission cooperative association's members' aggregate gross operating revenue from the sale of electricity to residential customers in Minnesota.

(b) To meet the requirements of paragraph (a), a consumer-owned utility may contribute money to the energy and conservation account in section 216B.241, subdivision 2a. An energy conservation improvement plan must state the amount, if any, of low-income energy conservation improvement funds the utility plans to contribute to the energy and conservation account. Contributions must be remitted to the commissioner by February 1 each year.

(c) The commissioner must establish low-income programs to use money contributed to the energy and conservation account under paragraph (b). When establishing low-income programs, the commissioner must consult political subdivisions, utilities, and nonprofit and community organizations, including organizations engaged in providing energy and weatherization assistance to low-income households. Money contributed to the energy and conservation account under paragraph (b) must provide programs for low-income households, including low-income renters, located in the service territory of the utility or association providing the money. The commissioner must record and report expenditures and energy savings achieved as a result of low-income programs funded through the energy and conservation account in the report required under section 216B.241, subdivision 1c, paragraph (f). The commissioner may contract with a political subdivision, nonprofit or community organization, public utility, municipality, or cooperative electric association to implement low-income programs funded through the energy and conservation account.

(d) A consumer-owned utility may petition the commissioner to modify its required spending under this subdivision if the utility and the commissioner were unable to expend the amount required for three consecutive years.

(e) For purposes of this subdivision, "multifamily building" means a residential building with five or more dwelling units. Notwithstanding the definition of low-income household in section 216B.2402, for purposes of determining eligibility for multifamily buildings in low-income programs, a utility or association may use one or more of the following:

(1) information demonstrating a multifamily building's units are rented to households meeting one of the following criteria:

(i) household income at or below 200 percent of federal poverty level;

(ii) household income at or below 60 percent of area median income;

(iii) occupancy within a building that is certified on the Low Income Rental Classification (LIRC) Assessor Report compiled annually by the Minnesota Housing Finance Agency; or

(iv) occupancy within a building that has a declaration against the property requiring that a portion of the units are rented to tenants with an annual household income less than or equal to 60 percent of area median income;

(2) a property's participation in an affordable housing program, including low-income housing tax credits (LIHTC), United States Department of Housing and Urban Development (HUD) assistance, United States Department of Agriculture (USDA) assistance, Minnesota Housing Finance Agency assistance, or local tax abatement for low-income properties; or

(3) documentation demonstrating that the property is on the waiting list for or currently participating in the United States Department of Energy Weatherization Assistance Program.

Subd. 6. **Recovery of expenses.** The commission must allow a cooperative electric association subject to rate regulation under section 216B.026 to recover expenses resulting from (1) a plan under this subdivision, and (2) assessments and contributions to the energy and conservation account under section 216B.241, subdivision 2a.

Subd. 7. **Ownership of energy conservation improvement.** An energy conservation improvement to or installed in a building under this section, excluding a system owned by the consumer-owned utility that is designed to turn off, limit, or vary the delivery of energy, is the exclusive property of the building owner, except to the extent that the improvement is subject to a security interest in favor of the utility in case of a loan to the building owner.

Subd. 8. **Criteria for efficient fuel-switching improvements.** A fuel-switching improvement is deemed efficient if the commissioner finds the improvement, relative to the fuel being displaced:

(1) results in a net reduction in the cost and amount of source energy consumed for a particular use, measured on a fuel-neutral basis;

(2) results in a net reduction of statewide greenhouse gas emissions, as defined in section 216H.01, subdivision 2, over the lifetime of the improvement. For an efficient fuel-switching improvement installed by an electric utility, the reduction in emissions must be measured based on the hourly emissions profile of the utility or the utility's wholesale provider. Where applicable, the hourly emissions profile used must be the most recent resource plan approved by the commission under section 216B.2422;

(3) is cost-effective from a societal perspective, considering the costs associated with both the old and replacement fuels; and

(4) is installed and operated in a manner that does not unduly increase the utility's system peak demand or require significant new investment in utility infrastructure.

**Subd. 9. Manner of filing and service.** (a) A consumer-owned utility must submit the filings required by this section to the department using the department's electronic filing system.

(b) The submission of a document to the department's electronic filing system constitutes service on the department. If a department rule requires service of a notice, order, or other document by the department, utility, or interested party upon persons on a service list maintained by the department, service may be made by personal delivery, mail, or electronic service. Electronic service may be made only to persons on the service list that have previously agreed in writing to accept electronic service at an electronic address provided to the department for electronic service purposes.

**Subd. 10. Assessment.** The commission or department may assess utilities subject to this section to carry out the purposes of section 216B.241, subdivisions 1d, 1e, and 1f. An assessment under this paragraph must be proportionate to the utility's respective gross operating revenue from sales of gas or electric service in Minnesota during the previous calendar year. Assessments under this subdivision are not subject to the cap on assessments under section 216B.62 or any other law.

**Subd. 11. Waste heat recovery; thermal energy distribution.** Subject to department approval, demand-side natural gas or electric energy displaced by use of waste heat recovered and used as thermal energy, including the recovered thermal energy from a cogeneration or combined heat and power facility, is eligible to be counted toward a consumer-owned utility's natural gas or electric savings goals.

Sec. 19. Minnesota Statutes 2018, section 216B.241, subdivision 1a, is amended to read:

Subd. 1a. ~~Investment, expenditure, and contribution; public utility~~ **Large customer facility.** ~~(a) For purposes of this subdivision and subdivision 2, "public utility" has the meaning given it in section 216B.02, subdivision 4. Each public utility shall spend and invest for energy conservation improvements under this subdivision and subdivision 2 the following amounts:~~

~~(1) for a utility that furnishes gas service, 0.5 percent of its gross operating revenues from service provided in the state;~~

~~(2) for a utility that furnishes electric service, 1.5 percent of its gross operating revenues from service provided in the state; and~~

~~(3) for a utility that furnishes electric service and that operates a nuclear-powered electric generating plant within the state, two percent of its gross operating revenues from service provided in the state.~~

~~For purposes of this paragraph (a), "gross operating revenues" do not include revenues from large customer facilities exempted under paragraph (b), or from commercial gas customers that are exempted under paragraph (c) or (e).~~

~~(b)~~ (a) The owner of a large customer facility may petition the commissioner to exempt both electric and gas utilities serving the large customer facility from the investment and expenditure requirements of ~~paragraph (a)~~ a utility's plan under this section or section 216B.2403 with respect to retail revenues attributable to the large customer facility. The filing must include a discussion of the competitive or economic pressures facing the owner of the facility and the efforts taken by the owner to identify, evaluate, and implement energy conservation and efficiency

improvements. A filing submitted on or before October 1 of any year must be approved within 90 days and become effective January 1 of the year following the filing, unless the commissioner finds that the owner of the large customer facility has failed to take reasonable measures to identify, evaluate, and implement energy conservation and efficiency improvements. If a facility qualifies as a large customer facility solely due to its peak electrical demand or annual natural gas usage, the exemption may be limited to the qualifying utility if the commissioner finds that the owner of the large customer facility has failed to take reasonable measures to identify, evaluate, and implement energy conservation and efficiency improvements with respect to the nonqualifying utility. Once an exemption is approved, the commissioner may request the owner of a large customer facility to submit, not more often than once every five years, a report demonstrating the large customer facility's ongoing commitment to energy conservation and efficiency improvement after the exemption filing. The commissioner may request such reports for up to ten years after the effective date of the exemption, unless the majority ownership of the large customer facility changes, in which case the commissioner may request additional reports for up to ten years after the change in ownership occurs. The commissioner may, within 180 days of receiving a report submitted under this paragraph, rescind any exemption granted under this paragraph upon a determination that the large customer facility is not continuing to make reasonable efforts to identify, evaluate, and implement energy conservation improvements. A large customer facility that is, under an order from the commissioner, exempt from the investment and expenditure requirements of paragraph (a) as of December 31, 2010, is not required to submit a report to retain its exempt status, except as otherwise provided in this paragraph with respect to ownership changes. No exempt large customer facility may participate in a utility conservation improvement program unless the owner of the facility submits a filing with the commissioner to withdraw its exemption.

~~(e)~~ (b) A commercial gas customer that is not a large customer facility and that purchases or acquires natural gas from a public utility having fewer than 600,000 natural gas customers in Minnesota may petition the commissioner to exempt gas utilities serving the commercial gas customer from the investment and expenditure requirements of ~~paragraph (a)~~ a utility's plan under this section or section 216B.2403 with respect to retail revenues attributable to the commercial gas customer. The petition must be supported by evidence demonstrating that the commercial gas customer has acquired or can reasonably acquire the capability to bypass use of the utility's gas distribution system by obtaining natural gas directly from a supplier not regulated by the commission. The commissioner shall grant the exemption if the commissioner finds that the petitioner has made the demonstration required by this paragraph.

~~(d)~~ (c) The commissioner may require investments or spending greater than the amounts required under this subdivision for a public utility whose most recent advance forecast required under section 216B.2422 or 216C.17 projects a peak demand deficit of 100 megawatts or greater within five years under midrange forecast assumptions.

~~(e)~~ (d) A public utility or owner of a large customer facility may appeal a decision of the commissioner under paragraph (a) or (b), (e), or (d) to the commission under subdivision 2. In reviewing a decision of the commissioner under paragraph (a) or (b), (e), or (d), the commission shall rescind the decision if it finds ~~that the required investments or spending will:~~

~~(1) not result in cost effective energy conservation improvements; or~~

~~(2) otherwise the decision is not be in the public interest.~~

(e) A public utility is prohibited from spending for or investing in energy conservation improvements that directly benefit a large energy facility or a large electric customer facility the commissioner has issued an exemption to under this section.

Sec. 20. Minnesota Statutes 2018, section 216B.241, subdivision 1c, is amended to read:

Subd. 1c. **Public utility; energy-saving goals.** (a) The commissioner shall establish energy-saving goals for energy conservation improvement expenditures and shall evaluate an energy conservation improvement program on how well it meets the goals set.

(b) Each individual public utility and association shall have providing electric service has an annual energy-savings goal equivalent to ~~4.5~~ 1.75 percent of gross annual retail energy sales unless modified by the commissioner under paragraph ~~(d)~~ (c). A public utility providing natural gas service has an annual energy-savings goal equivalent to one percent of gross annual retail energy sales, which cannot be lowered by the commissioner. The savings goals must be calculated based on the most recent three-year weather-normalized average. A public utility or association providing electric service may elect to carry forward energy savings in excess of 4.5 1.75 percent for a year to the succeeding three calendar years, except that savings from electric utility infrastructure projects allowed under paragraph (d) may be carried forward for five years. A public utility providing natural gas service may elect to carry forward energy savings in excess of one percent for a year to the succeeding three calendar years. A particular energy savings can be used only for one year's goal.

~~(e) The commissioner must adopt a filing schedule that is designed to have all utilities and associations operating under an energy savings plan by calendar year 2010.~~

~~(d)~~ (c) In its energy conservation improvement and optimization plan filing, a public utility or association may request the commissioner to adjust its annual energy-savings percentage goal based on its historical conservation investment experience, customer class makeup, load growth, a conservation potential study, or other factors the commissioner determines warrants an adjustment. The commissioner may not approve a plan of a public utility that provides for an annual energy-savings goal of less than one percent of gross annual retail energy sales from energy conservation improvements.

(d) A public utility or association may include in its energy conservation and optimization plan energy savings from electric utility infrastructure projects approved by the commission under section 216B.1636 or waste heat recovery converted into electricity projects that may count as energy savings in addition to a minimum energy-savings goal of at least one percent for energy conservation improvements. The balance of energy savings contributing toward the annual energy savings goal must be achieved by: (1) energy savings from additional energy conservation improvements; or (2) electric utility infrastructure projects, as defined in section 216B.1636, subdivision 1, that Energy savings from electric utility infrastructure projects, as defined in section 216B.1636, may be included in the energy conservation plan of a municipal utility or cooperative electric association. Electric utility infrastructure projects must result in increased energy efficiency greater than that which would have occurred through normal maintenance activity.

~~(e) An energy savings goal is not satisfied by attaining the revenue expenditure requirements of subdivisions 1a and 1b, but can only be satisfied by meeting the energy savings goal established in this subdivision.~~

~~(f) An association or~~ (e) A public utility is not required to make energy conservation investments to attain the energy-savings goals of this subdivision that are not cost-effective even if the investment is necessary to attain the energy-savings goals. For the purpose of this paragraph, in determining cost-effectiveness, the commissioner shall consider the costs and benefits to ratepayers, the utility, participants, and society. In addition, the commissioner shall consider the rate at which ~~an association or a~~ municipal utility is increasing its energy savings and its expenditures on energy conservation, as well as the public utility's lifetime energy savings and cumulative energy savings.

~~(g)~~ (f) On an annual basis, the commissioner shall produce and make publicly available a report on the annual energy and capacity savings and estimated carbon dioxide reductions achieved by the energy conservation improvement programs under this section and section 216B.2403 for the two most recent years for which data is

available. The report must also include information regarding any annual energy sales or generation capacity increases resulting from efficient fuel-switching improvements. The commissioner shall report on program performance both in the aggregate and for each entity filing an energy conservation improvement plan for approval or review by the commissioner, and must provide an estimate for progress toward the statewide energy-savings goal under section 216B.2401.

~~(h) By January 15, 2010, the commissioner shall report to the legislature whether the spending requirements under subdivisions 1a and 1b are necessary to achieve the energy savings goals established in this subdivision.~~

~~(i) This subdivision does not apply to:~~

~~(1) a cooperative electric association with fewer than 5,000 members;~~

~~(2) a municipal utility with fewer than 1,000 retail electric customers; or~~

~~(3) a municipal utility with less than 1,000,000,000 cubic feet in annual throughput sales to retail natural gas customers.~~

Sec. 21. Minnesota Statutes 2018, section 216B.241, subdivision 1d, is amended to read:

Subd. 1d. **Technical assistance.** (a) The commissioner shall evaluate energy conservation improvement programs under this section and section 216B.2403 on the basis of cost-effectiveness and the reliability of the technologies employed. The commissioner shall, by order, establish, maintain, and update energy-savings assumptions that must be used when filing energy conservation improvement programs. The department must track a public utility's or consumer-owned utility's lifetime energy savings and cumulative lifetime energy savings provided to the commissioner in plans submitted under this section. The commissioner shall establish an inventory of the most effective energy conservation programs, techniques, and technologies, and encourage all Minnesota utilities to implement them, where appropriate, in their service territories. The commissioner shall describe these programs in sufficient detail to provide a utility reasonable guidance concerning implementation. The commissioner shall prioritize the opportunities in order of potential energy savings and in order of cost-effectiveness. The commissioner may contract with a third party to carry out any of the commissioner's duties under this subdivision, and to obtain technical assistance to evaluate the effectiveness of any conservation improvement program. The commissioner may assess up to \$850,000 annually for the purposes of this subdivision. The assessments must be deposited in the state treasury and credited to the energy and conservation account created under subdivision 2a. An assessment made under this subdivision is not subject to the cap on assessments provided by section 216B.62, or any other law.

~~(b) Of the assessment authorized under paragraph (a), the commissioner may expend up to \$400,000 annually for the purpose of developing, operating, maintaining, and providing technical support for a uniform electronic data reporting and tracking system available to all utilities subject to this section, in order to enable accurate measurement of the cost and energy savings of the energy conservation improvements required by this section. This paragraph expires June 30, 2018. By March 15 of the year following the enactment of this section, the commissioner must, by order, develop and publish technical information necessary to evaluate whether deployment of a fuel-switching improvement meets the criteria established under subdivision 11, paragraph (c), and section 216B.2403, subdivision 8, including the formula to account for the energy saved by a fuel-switching improvement on a fuel-neutral basis. The commissioner must update the technical information as necessary.~~

Sec. 22. Minnesota Statutes 2018, section 216B.241, subdivision 1f, is amended to read:

Subd. 1f. **Facilities energy efficiency.** (a) The commissioner of administration and the commissioner of commerce shall maintain and, as needed, revise the sustainable building design guidelines developed under section 16B.325.

(b) The commissioner of administration and the commissioner of commerce shall maintain and update the benchmarking tool developed under Laws 2001, chapter 212, article 1, section 3, so that all public buildings can use the benchmarking tool to maintain energy use information for the purposes of establishing energy efficiency benchmarks, tracking building performance, and measuring the results of energy efficiency and conservation improvements.

(c) The commissioner shall require that utilities include in their conservation improvement plans programs that facilitate professional engineering verification to qualify a building as Energy Star-labeled, Leadership in Energy and Environmental Design (LEED) certified, or Green Globes-certified. ~~The state goal is to achieve certification of 1,000 commercial buildings as Energy Star labeled, and 100 commercial buildings as LEED certified or Green Globes certified by December 31, 2010.~~

(d) The commissioner may assess up to \$500,000 annually for the purposes of this subdivision. The assessments must be deposited in the state treasury and credited to the energy and conservation account created under subdivision 2a. An assessment made under this subdivision is not subject to the cap on assessments provided by section 216B.62, or any other law.

Sec. 23. Minnesota Statutes 2018, section 216B.241, subdivision 2, is amended to read:

Subd. 2. **Programs Public utility; energy conservation and optimization plans.** (a) The commissioner may require public utilities to make investments and expenditures in energy conservation improvements, explicitly setting forth the interest rates, prices, and terms under which the improvements must be offered to the customers. The required programs must cover no more than a three-year period. Public utilities shall file energy conservation improvement and optimization plans by June 1, on a schedule determined by order of the commissioner, but at least every three years. As provided in subdivision 11, plans may include programs for efficient fuel-switching improvements and load management. An individual utility program may combine elements of energy conservation, load management, or efficient fuel-switching. Plans received by a public utility by June 1 must be approved or approved as modified by the commissioner by December 1 of that same year. The plan must account for the lifetime energy savings and cumulative lifetime savings under the plan. The commissioner shall evaluate the program on the basis of cost-effectiveness and the reliability of technologies employed. The commissioner's order must provide to the extent practicable for a free choice, by consumers participating in the program, of the device, method, material, or project constituting the energy conservation improvement and for a free choice of the seller, installer, or contractor of the energy conservation improvement, provided that the device, method, material, or project seller, installer, or contractor is duly licensed, certified, approved, or qualified, including under the residential conservation services program, where applicable.

(b) The commissioner may require a utility subject to subdivision 1c to make an energy conservation improvement investment or expenditure whenever the commissioner finds that the improvement will result in energy savings at a total cost to the utility less than the cost to the utility to produce or purchase an equivalent amount of new supply of energy. ~~The commissioner shall nevertheless ensure that every public utility operate one or more programs under periodic review by the department.~~

(c) Each public utility subject to this subdivision ~~is~~ may spend and invest annually up to ten percent of the total amount ~~required to be~~ spent and invested on energy conservation improvements under this section by the utility on research and development projects that meet the definition of energy conservation improvement in subdivision 1 and that are funded directly by the public utility.



(d) ~~A public utility may not spend for or invest in energy conservation improvements that directly benefit a large energy facility or a large electric customer facility for which the commissioner has issued an exemption pursuant to subdivision 1a, paragraph (b).~~ The commissioner shall consider and may require a public utility to undertake a program suggested by an outside source, including a political subdivision, a nonprofit corporation, or community organization.

(e) A utility, a political subdivision, or a nonprofit or community organization that has suggested a program, the attorney general acting on behalf of consumers and small business interests, or a utility customer that has suggested a program and is not represented by the attorney general under section 8.33 may petition the commission to modify or revoke a department decision under this section, and the commission may do so if it determines that the program is not cost-effective, does not adequately address the residential conservation improvement needs of low-income persons, has a long-range negative effect on one or more classes of customers, or is otherwise not in the public interest. The commission shall reject a petition that, on its face, fails to make a reasonable argument that a program is not in the public interest.

(f) The commissioner may order a public utility to include, with the filing of the utility's annual status report, the results of an independent audit of the utility's conservation improvement programs and expenditures performed by the department or an auditor with experience in the provision of energy conservation and energy efficiency services approved by the commissioner and chosen by the utility. The audit must specify the energy savings or increased efficiency in the use of energy within the service territory of the utility that is the result of the spending and investments. The audit must evaluate the cost-effectiveness of the utility's conservation programs.

(g) ~~A gas utility may not spend for or invest in energy conservation improvements that directly benefit a large customer facility or commercial gas customer facility for which the commissioner has issued an exemption pursuant to subdivision 1a, paragraph (b), (c), or (e).~~ The commissioner shall consider and may require a utility to undertake a program suggested by an outside source, including a political subdivision, a nonprofit corporation, or a community organization.

(g) The energy conservation and optimization plan for each public utility subject to this section must include activities to improve energy efficiency in public schools served by the utility. At a minimum, the efficiency in schools component must consist of programs to update lighting in schools, update heating and cooling systems in schools, provide for building recommissioning, provide building operator training, and provide opportunities to educate students, teachers, and staff regarding energy efficiency measures implemented at the school.

Sec. 24. Minnesota Statutes 2018, section 216B.241, subdivision 2b, is amended to read:

Subd. 2b. **Recovery of expenses.** The commission shall allow a public utility to recover expenses resulting from a an energy conservation improvement program required and optimization plan approved by the department under this section and contributions and assessments to the energy and conservation account, unless the recovery would be inconsistent with a financial incentive proposal approved by the commission. ~~The commission shall allow a cooperative electric association subject to rate regulation under section 216B.026, to recover expenses resulting from energy conservation improvement programs, load management programs, and assessments and contributions to the energy and conservation account unless the recovery would be inconsistent with a financial incentive proposal approved by the commission.~~ In addition, a public utility may file annually, or the Public Utilities Commission may require the utility to file, and the commission may approve, rate schedules containing provisions for the automatic adjustment of charges for utility service in direct relation to changes in the expenses of the utility for real and personal property taxes, fees, and permits, the amounts of which the utility cannot control. A public utility is eligible to file for adjustment for real and personal property taxes, fees, and permits under this subdivision only if, in the year previous to the year in which it files for adjustment, it has spent or invested at least 1.75 percent of its gross revenues from provision of electric service, excluding gross operating revenues from electric service provided in the state to large electric customer facilities for which the commissioner has issued an exemption under subdivision 1a,

paragraph (b), and 0.6 percent of its gross revenues from provision of gas service, excluding gross operating revenues from gas services provided in the state to large electric customer facilities for which the commissioner has issued an exemption under subdivision 1a, paragraph (b), for that year for energy conservation improvements under this section.

Sec. 25. Minnesota Statutes 2018, section 216B.241, subdivision 3, is amended to read:

Subd. 3. **Ownership of energy conservation improvement.** ~~At~~ A preweatherization measure or energy conservation improvement made to or installed in a building in accordance with this section, except systems owned by the utility and designed to turn off, limit, or vary the delivery of energy, are the exclusive property of the owner of the building except to the extent that the improvement is subjected to a security interest in favor of the utility in case of a loan to the building owner. The utility has no liability for loss, damage or injury caused directly or indirectly by ~~an~~ a preweatherization measure or energy conservation improvement except for negligence by the utility in purchase, installation, or modification of the product.

Sec. 26. Minnesota Statutes 2018, section 216B.241, subdivision 5, is amended to read:

Subd. 5. **Efficient lighting program.** (a) Each public utility, cooperative electric association, and municipal utility that provides electric service to retail customers and is subject to subdivision 1c shall include as part of its conservation improvement activities a program to strongly encourage the use of ~~fluorescent and high intensity discharge lamps~~ light-emitting diode lighting products. The program must include at least a public information campaign to encourage use of the lamps and proper management of spent lamps by all customer classifications.

(b) A public utility that provides electric service at retail to 200,000 or more customers shall establish, either directly or through contracts with other persons, including lamp manufacturers, distributors, wholesalers, and retailers and local government units, a system to collect for delivery to a reclamation or recycling facility spent fluorescent and high-intensity discharge lamps from households and from small businesses as defined in section 645.445 that generate an average of fewer than ten spent lamps per year.

(c) A collection system must include establishing reasonably convenient locations for collecting spent lamps from households and financial incentives sufficient to encourage spent lamp generators to take the lamps to the collection locations. Financial incentives may include coupons for purchase of new fluorescent or high-intensity discharge lamps, a cash back system, or any other financial incentive or group of incentives designed to collect the maximum number of spent lamps from households and small businesses that is reasonably feasible.

(d) A public utility that provides electric service at retail to fewer than 200,000 customers, a cooperative electric association, or a municipal utility that provides electric service at retail to customers may establish a collection system under paragraphs (b) and (c) as part of conservation improvement activities required under this section.

(e) The commissioner of the Pollution Control Agency may not, unless clearly required by federal law, require a public utility, cooperative electric association, or municipality that establishes a household fluorescent and high-intensity discharge lamp collection system under this section to manage the lamps as hazardous waste as long as the lamps are managed to avoid breakage and are delivered to a recycling or reclamation facility that removes mercury and other toxic materials contained in the lamps prior to placement of the lamps in solid waste.

(f) If a public utility, cooperative electric association, or municipal utility contracts with a local government unit to provide a collection system under this subdivision, the contract must provide for payment to the local government unit of all the unit's incremental costs of collecting and managing spent lamps.

(g) All the costs incurred by a public utility, cooperative electric association, or municipal utility for promotion and collection of fluorescent and high-intensity discharge lamps under this subdivision are conservation improvement spending under this section.

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

Sec. 27. Minnesota Statutes 2018, section 216B.241, subdivision 7, is amended to read:

Subd. 7. **Low-income programs.** (a) The commissioner shall ensure that each public utility and association subject to subdivision 1c provides low-income energy conservation programs to low-income households. When approving spending and energy-savings goals for low-income programs, the commissioner shall consider historic spending and participation levels, energy savings for low-income programs, and the number of low-income persons residing in the utility's service territory. ~~A municipal utility that furnishes gas service must spend at least 0.2 percent, and a public utility furnishing gas service must spend at least 0.4~~ 0.8 percent, of its most recent three-year average gross operating revenue from residential customers in the state on low-income programs. ~~A public utility or association that furnishes electric service must spend at least 0.4~~ 0.4 percent of its gross operating revenue from residential customers in the state on low-income programs. ~~For a generation and transmission cooperative association, this requirement shall apply to each association's members' aggregate gross operating revenue from sale of electricity to residential customers in the state. Beginning in 2010, A utility or association that furnishes electric service must spend 0.2 percent of its gross operating revenue from residential customers in the state on low-income programs.~~

(b) To meet the requirements of paragraph (a), a public utility or association may contribute money to the energy and conservation account. An energy conservation improvement plan must state the amount, if any, of low-income energy conservation improvement funds the public utility or association will contribute to the energy and conservation account. Contributions must be remitted to the commissioner by February 1 of each year.

(c) The commissioner shall establish low-income programs to utilize money contributed to the energy and conservation account under paragraph (b). In establishing low-income programs, the commissioner shall consult political subdivisions, utilities, and nonprofit and community organizations, especially organizations engaged in providing energy and weatherization assistance to low-income ~~persons~~ households. Money contributed to the energy and conservation account under paragraph (b) must provide programs for low-income ~~persons~~ households, including low-income renters, in the service territory of the public utility or association providing the money. The commissioner shall record and report expenditures and energy savings achieved as a result of low-income programs funded through the energy and conservation account in the report required under subdivision 1c, paragraph (g). The commissioner may contract with a political subdivision, nonprofit or community organization, public utility, municipality, or cooperative electric association to implement low-income programs funded through the energy and conservation account.

(d) A public utility or association may petition the commissioner to modify its required spending under paragraph (a) if the utility or association and the commissioner have been unable to expend the amount required under paragraph (a) for three consecutive years.

(e) For purposes of this subdivision, "multifamily building" is defined as a residential building with five or more dwelling units. Notwithstanding the definition of low-income household in section 216B.2402, for purposes of determining eligibility for multifamily buildings in low-income programs, a utility or association may use one or more of the following:

(1) information demonstrating a multifamily building's units are rented to households meeting one of the following criteria:

(i) household income at or below 200 percent of federal poverty level;

(ii) household income at or below 60 percent of area median income;

(iii) occupancy within a building that is certified on the Low Income Renter Classification (LIRC) Assessor Report compiled annually by Minnesota Housing Finance Agency; or

(iv) occupancy within a building which has a declaration against the property requiring that a portion of the units are rented to tenants with an annual household income less than or equal to 60 percent of area median income;

(2) a property's participation in an affordable housing program, including low-income housing tax credits (LIHTC), United States Department of Housing and Urban Development (HUD) assistance, United States Department of Agriculture (USDA) assistance, state housing finance agency assistance, or local tax abatement for low-income properties; or

(3) documentation demonstrating that the property is on the waiting list for or currently participating in the United States Department of Energy Weatherization Assistance Program.

(f) Up to 15 percent of a public utility's spending on low-income programs may be spent on preweatherization measures. For purposes of this section and section 216B.241, subdivision 3, "preweatherization measure" means an improvement that is necessary to allow energy conservation improvements to be installed in a home.

(1) The commissioner must, by order, establish a list of qualifying preweatherization measures eligible for inclusion in low-income programs no later than March 15 of the year following enactment of this section.

(2) A public utility may elect to contribute money to the Healthy Asbestos Insulation Removal (AIR) program administered by the department. Money contributed to the fund counts toward the minimum low-income spending requirement in paragraph (a) and toward the cap on preweatherization measures.

~~(e)~~ (g) The costs and benefits associated with any approved low-income gas or electric conservation improvement program that is not cost-effective when considering the costs and benefits to the utility may, at the discretion of the utility, be excluded from the calculation of net economic benefits for purposes of calculating the financial incentive to the utility. The energy and demand savings may, at the discretion of the utility, be applied toward the calculation of overall portfolio energy and demand savings for purposes of determining progress toward annual goals and in the financial incentive mechanism.

Sec. 28. Minnesota Statutes 2018, section 216B.241, subdivision 9, is amended to read:

Subd. 9. **Building performance standards; Sustainable Building 2030.** (a) The purpose of this subdivision is to establish cost-effective energy-efficiency performance standards for new and substantially reconstructed commercial, industrial, and institutional buildings that can significantly reduce carbon dioxide emissions by lowering energy use in new and substantially reconstructed buildings. For the purposes of this subdivision, the establishment of these standards may be referred to as Sustainable Building 2030.

(b) The commissioner shall contract with the Center for Sustainable Building Research at the University of Minnesota to coordinate development and implementation of energy-efficiency performance standards, strategic planning, research, data analysis, technology transfer, training, and other activities related to the purpose of Sustainable Building 2030. The commissioner and the Center for Sustainable Building Research shall, in consultation with utilities, builders, developers, building operators, and experts in building design and technology, develop a Sustainable Building 2030 implementation plan that must address, at a minimum, the following issues:

- (1) training architects to incorporate the performance standards in building design;
- (2) incorporating the performance standards in utility conservation improvement programs; and
- (3) developing procedures for ongoing monitoring of energy use in buildings that have adopted the performance standards.

The plan must be submitted to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over energy policy by July 1, 2009.

(c) Sustainable Building 2030 energy-efficiency performance standards must be firm, quantitative measures of total building energy use and associated carbon dioxide emissions per square foot for different building types and uses, that allow for accurate determinations of a building's conformance with a performance standard. Performance standards must address energy use by electric vehicle charging infrastructure in or adjacent to buildings as that infrastructure begins to be made widely available. The energy-efficiency performance standards must be updated every three or five years to incorporate all cost-effective measures. The performance standards must reflect the reductions in carbon dioxide emissions per square foot resulting from actions taken by utilities to comply with the renewable energy standards in section 216B.1691. The performance standards should be designed to achieve reductions equivalent to the following reduction schedule, measured against energy consumption by an average building in each applicable building sector in 2003: (1) 60 percent in 2010; (2) 70 percent in 2015; (3) 80 percent in 2020; and (4) 90 percent in 2025. A performance standard must not be established or increased absent a conclusive engineering analysis that it is cost-effective based upon established practices used in evaluating utility conservation improvement programs.

(d) The annual amount of the contract with the Center for Sustainable Building Research is up to \$500,000. The Center for Sustainable Building Research shall expend no more than \$150,000 of this amount each year on administration, coordination, and oversight activities related to Sustainable Building 2030. Up to an additional \$150,000 of this amount may be used by the Center for Sustainable Building Research to provide technical assistance to local jurisdictions that adopt a voluntary stretch code under section 326B.106, subdivision 16, that conforms to Sustainable Building 2030. The balance of contract funds must be spent on substantive programmatic activities allowed under this subdivision that may be conducted by the Center for Sustainable Building Research and others, and for subcontracts with not-for-profit energy organizations, architecture and engineering firms, and other qualified entities to undertake technical projects and activities in support of Sustainable Building 2030. The primary work to be accomplished each year by qualified technical experts under subcontracts is the development and thorough justification of recommendations for specific energy-efficiency performance standards. Additional work may include:

- (1) research, development, and demonstration of new energy-efficiency technologies and techniques suitable for commercial, industrial, and institutional buildings;
- (2) analysis and evaluation of practices in building design, construction, commissioning and operations, and analysis and evaluation of energy use in the commercial, industrial, and institutional sectors;
- (3) analysis and evaluation of the effectiveness and cost-effectiveness of Sustainable Building 2030 performance standards, conservation improvement programs, and building energy codes;
- (4) development and delivery of training programs for architects, engineers, commissioning agents, technicians, contractors, equipment suppliers, developers, and others in the building industries; and
- (5) analysis and evaluation of the effect of building operations on energy use.

(e) The commissioner shall require utilities to develop and implement conservation improvement programs that are expressly designed to achieve energy efficiency goals consistent with the Sustainable Building 2030 performance standards. These programs must include offerings of design assistance and modeling, financial incentives, and the verification of the proper installation of energy-efficient design components in new and substantially reconstructed buildings. The programs must be available to customers in local jurisdictions that adopt a voluntary stretch code under section 326B.106, subdivision 16. A utility's design assistance program must consider the strategic planting of trees and shrubs around buildings as an energy conservation strategy for the designed project. A utility making an expenditure under its conservation improvement program that results in a building meeting the Sustainable Building 2030 performance standards may claim the energy savings toward its energy-savings goal established in subdivision 1c.

(f) The commissioner shall report to the legislature every three years, beginning January 15, 2010, on the cost-effectiveness and progress of implementing the Sustainable Building 2030 performance standards and shall make recommendations on the need to continue the program as described in this section.

Sec. 29. Minnesota Statutes 2018, section 216B.241, is amended by adding a subdivision to read:

**Subd. 11. Programs for efficient fuel-switching improvements and load management.** (a) A public utility subject to this section may include in its plan required under subdivision 2 programs for (1) efficient fuel-switching improvements and load management, or (2) combinations of energy conservation improvements, fuel-switching improvements, and load management. For each program, the utility must provide proposed budgets, cost-effectiveness analyses, and estimated net energy and demand savings.

(b) The department may approve proposed programs for efficient fuel-switching improvements if it finds the improvements meet the requirements of paragraph (e). For improvements requiring the deployment of electric technologies, the department must also consider whether the fuel-switching improvement can be operated in a manner that facilitates the integration of variable renewable energy into the electric system. The net benefits from an efficient fuel-switching improvement that is integrated with an energy efficiency program approved under this section may be counted toward the net benefits of the energy efficiency program, provided the department finds the primary purpose and effect of the program is energy efficiency.

(c) The department may approve a proposed program in load management if it finds the program investment is cost-effective after considering the costs and benefits of the proposed investment to ratepayers, the utility, participants, and society. The net benefits from a load management activity that is integrated with an energy efficiency program approved under this section may be counted toward the net benefits of the energy efficiency program, provided the department finds the primary purpose and effect of the program is energy efficiency.

(d) The commission may permit a public utility to file rate schedules that provide for annual cost recovery for efficient fuel-switching improvements and cost-effective load management programs approved by the department, including reasonable and prudent costs to implement and promote programs approved under this subdivision. The commission may approve, modify, or reject a proposal made by the department or a utility for an incentive plan to encourage investments in load management programs, applying the considerations established under section 216B.16, subdivision 6c, paragraphs (b) and (c). The commission must not approve a financial incentive to encourage efficient fuel-switching programs. The commission may structure an incentive plan to encourage cost-effective load management programs as a regulatory asset on which a public utility could earn a rate of return. A utility is not eligible for a financial incentive under this subdivision in any year the utility or association does not achieve its minimum energy-savings goal.

(e) A fuel-switching improvement is deemed efficient if the commissioner finds the improvement, relative to the fuel that is being displaced, meets the following criteria:

(1) results in a net reduction in the cost and amount of source energy consumed for a particular use, measured on a fuel-neutral basis;

(2) results in a net reduction of statewide greenhouse gas emissions as defined in section 216H.01, subdivision 2, over the lifetime of the improvement. For an efficient fuel-switching improvement installed by an electric utility, the change in emissions must be measured based on the hourly emission profile of the electric utility, using the hourly emissions profile in the most recent resource plan approved by the commission under section 216B.2422;

(3) is cost-effective from a societal perspective, considering the costs associated with both the old and replacement fuels; and

(4) is installed and operated in a manner that does not unduly increase the utility's system peak demand or require significant new investment in utility infrastructure.

Sec. 30. Minnesota Statutes 2018, section 216B.2422, subdivision 1, is amended to read:

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

(b) "Utility" means an entity with the capability of generating 100,000 kilowatts or more of electric power and serving, either directly or indirectly, the needs of 10,000 retail customers in Minnesota. Utility does not include federal power agencies.

(c) "Renewable energy" means electricity generated through use of any of the following resources:

(1) wind;

(2) solar;

(3) geothermal;

(4) hydro;

(5) trees or other vegetation;

(6) landfill gas; or

(7) predominantly organic components of wastewater effluent, sludge, or related by-products from publicly owned treatment works, but not including incineration of wastewater sludge.

(d) "Resource plan" means a set of resource options that a utility could use to meet the service needs of its customers over a forecast period, including an explanation of the supply and demand circumstances under which, and the extent to which, each resource option would be used to meet those service needs. These resource options include using, refurbishing, and constructing utility plant and equipment, buying power generated by other entities, controlling customer loads, and implementing customer energy conservation.

(e) "Refurbish" means to rebuild or substantially modify an existing electricity generating resource of 30 megawatts or greater.

(f) "Clean energy resource" means renewable energy, an energy storage system, energy efficiency, as defined in section 216B.2402, paragraph (g), or load management, as defined in section 216B.2402, paragraph (o).

(g) "Carbon-free resource" means a generation technology that, when operating, does not contribute to statewide greenhouse gas emissions, as defined in section 216H.01, subdivision 2. Carbon-free resource does not include a nuclear-powered electric generation facility operating in Minnesota on the effective date of this act.

(h) "Energy storage system" means a commercially available technology that:

(1) uses mechanical, chemical, or thermal processes to:

(i) store energy and deliver the stored energy for use at a later time; or

(ii) store thermal energy for direct use for heating or cooling at a later time in a manner that reduces the demand for energy at the later time;

(2) if being used for electric grid benefits, is:

(i) operationally visible to the distribution or transmission entity managing it; and

(ii) capable of being controlled by the distribution or transmission entity to enable and optimize the safe and reliable operation of the electric system; and

(3) achieves any of the following:

(i) reduces peak electrical demand;

(ii) defers the need or substitutes for an investment in electric generation, transmission, or distribution assets;

(iii) improves the reliable operation of the electrical transmission or distribution systems; or

(iv) lowers customer costs by storing energy when the cost of generating or purchasing energy is low and delivering energy to customers when costs are high.

(i) "Nonrenewable energy facility" means a generation facility, other than a nuclear facility, that does not use a renewable energy or other clean energy resource.

(j) "Local job impacts" means the impacts of an integrated resource plan, a certificate of need, a power purchase agreement, or commission approval of a new or refurbished electric generation facility on the availability of high-quality construction and mining employment opportunities for local workers.

(k) "Local workers" means workers employed to construct and maintain energy infrastructure, or employed in a mining industry, that are Minnesota residents, residents of the utility's service territory, or who permanently reside within 150 miles of a proposed new or refurbished energy facility.

Sec. 31. Minnesota Statutes 2018, section 216B.2422, subdivision 2, is amended to read:

Subd. 2. **Resource plan filing and approval.** (a) A utility shall file a resource plan with the commission periodically in accordance with rules adopted by the commission. The commission shall approve, reject, or modify the plan of a public utility, as defined in section 216B.02, subdivision 4, consistent with the public interest.

(b) In the resource plan proceedings of all other utilities, the commission's order shall be advisory and the order's findings and conclusions shall constitute prima facie evidence which may be rebutted by substantial evidence in all other proceedings. With respect to utilities other than those defined in section 216B.02, subdivision 4, the commission shall consider the filing requirements and decisions in any comparable proceedings in another jurisdiction.



(c) As a part of its resource plan filing, a utility shall include the least cost plan for meeting 50 ~~and~~ 75, and 100 percent of all energy needs from both new and refurbished generating facilities through a combination of ~~conservation~~ clean energy and ~~renewable energy~~ carbon-free resources.

Sec. 32. Minnesota Statutes 2018, section 216B.2422, subdivision 3, is amended to read:

Subd. 3. **Environmental costs.** ~~(a)~~ The commission shall, to the extent practicable, quantify and establish a range of environmental costs associated with each method of electricity generation. A utility shall use the values established by the commission in conjunction with other external factors, including socioeconomic costs, when evaluating and selecting resource options in all proceedings before the commission, including power purchase agreement, resource plan, and certificate of need proceedings. When evaluating resource options, the commission must include and consider the environmental cost values adopted under this subdivision. When considering the costs of a nonrenewable energy facility under this section, the commission must consider only nonzero values for the environmental costs that must be analyzed under this subdivision, including both the low and high values of any cost range adopted by the commission.

~~(b) The commission shall establish interim environmental cost values associated with each method of electricity generation by March 1, 1994. These values expire on the date the commission establishes environmental cost values under paragraph (a).~~

Sec. 33. Minnesota Statutes 2018, section 216B.2422, is amended by adding a subdivision to read:

Subd. 3a. **Favored electricity resources; state policy.** It is the policy of the state that, in order to hasten the achievement of the greenhouse gas reduction goals under section 216H.02, the renewable energy standard under section 216B.1691, subdivision 2a, and the solar energy standard under section 216B.1691, subdivision 2f, and given the significant and continuing reductions in the cost of wind technologies, solar technologies, energy storage systems, and demand-response technologies, the favored method to meet electricity demand in Minnesota is a combination of clean energy resources.

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

Sec. 34. Minnesota Statutes 2018, section 216B.2422, is amended by adding a subdivision to read:

Subd. 3b. **Nonrenewable energy facility; required analysis.** (a) In its application requesting commission approval of the construction, refurbishing, or purchase of energy or capacity from a nonrenewable energy facility in an integrated resource plan, a power purchase agreement, or any other proceeding, a utility must include, at a minimum, the information required under this subdivision.

(b) A utility must include plans to meet 50, 75, and 100 percent of the energy or capacity provided by the proposed nonrenewable energy facility using the least costly combination of clean energy and carbon-free resources.

(c) When analyzing costs under this subdivision, a utility must include the environmental costs most recently adopted by the commission for carbon dioxide emissions and criteria air pollutants, and socioeconomic costs required under subdivision 3, using both the low and high ends of any cost range adopted by the commission. When considering the costs of a nonrenewable energy facility under this section, the commission must consider only nonzero values for the environmental costs that must be analyzed under subdivision 3, including both the low and high values of any cost range adopted by the commission.

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

Sec. 35. Minnesota Statutes 2018, section 216B.2422, subdivision 4, is amended to read:

Subd. 4. **Preference for ~~renewable energy facility~~ clean energy resources.** (a) In order to achieve the greenhouse gas reduction goals under section 216H.02, and the carbon-free standard under section 216B.1691, the commission shall not approve a new or refurbished nonrenewable energy facility in an integrated resource plan or a certificate of need, pursuant to under section 216B.243; or in any proceeding in which a utility seeks to construct an electric generating facility or procure electricity or capacity, nor shall the commission approve a power purchase agreement for power with a nonrenewable energy facility, or allow rate recovery pursuant to under section 216B.16 for such a nonrenewable energy facility, unless the utility has demonstrated by clear and convincing evidence that a renewable energy facility, alone or in combination with other clean energy resources, is not in the public interest. When making the public interest determination, the commission must consider:

(1) whether the resource plan helps the utility achieve the greenhouse gas reduction goals under section 216H.02, the renewable energy standard under section 216B.1691, or the solar energy standard under section 216B.1691, subdivision 2f;

(2) impacts on local and regional grid reliability;

(3) utility and ratepayer impacts resulting from the intermittent nature of renewable energy facilities, including but not limited to the costs of purchasing wholesale electricity in the market and the costs of providing ancillary services; and

(4) utility and ratepayer impacts resulting from reduced exposure to fuel price volatility, changes in transmission costs, portfolio diversification, and environmental compliance costs.

(b) In order to find that a renewable energy facility, alone or in combination with other clean energy resources, is not in the public interest, the commission must find by clear and convincing evidence that utilizing renewable or clean energy resources to meet the need for resources cannot be done affordably or reliably.

(c) To determine affordability, the commission must consider utility and ratepayer effects resulting from:

(1) the intermittent nature of renewable energy facilities, including but not limited to the costs to purchase wholesale electricity in the market and the costs to provide ancillary services;

(2) reduced exposure to fuel price volatility, changes in transmission and distribution costs, portfolio diversification, and environmental compliance costs; and

(3) other environmental costs of a nonrenewable energy facility, as determined by the commission under subdivision 3.

(d) To determine reliability, the commission must consider:

(1) effects on regional grid reliability; and

(2) the ability of the proposed energy resources or facilities to provide:

(i) essential reliability services, including frequency response, balancing services, and voltage control; and

(ii) energy and capacity.

(e) When considering the costs of a nonrenewable energy facility under this section, the commission must consider only nonzero values for the environmental costs that must be analyzed under subdivision 3, including both the low and high values of any cost range adopted by the commission.

(f) The commission must make a written determination of its findings and conclusions regarding affordability and reliability under this subdivision. The commission must also make a written determination as to whether the energy resources approved by the commission: (1) help the state achieve the greenhouse gas reduction goals under section 216H.02; and (2) help the utility achieve the renewable energy standard under section 216B.1691, or the solar energy standard under section 216B.1691, subdivision 2f.

(g) If the commission approves a resource plan that includes the retirement of a nonrenewable energy facility owned by a public utility, the public utility shall own at least an amount of the accredited capacity of clean energy resources equal to the percentage of the retiring nonrenewable energy facility that remains undepreciated multiplied by the accredited capacity of the retiring facility, and owns the transmission and other facilities necessary to replace the accredited capacity of the retiring facility, provided:

(1) the utility demonstrates its ownership of replacement resources is in the public interest, considering customer impacts and benefits; and

(2) the resource plan results in the utility meeting the standards described below:

(i) for an electric utility that owned a nuclear generating facility as of January 1, 2007, at least 85 percent of its electric supply by the year 2030 and thereafter, and 100 percent of its electric supply by the year 2045, from resources that do not contribute to statewide greenhouse gas emissions, as defined in section 216H.01, subdivision 2; and

(ii) for an electric utility that did not own a nuclear generating facility as of January 1, 2007, at least 80 percent of its electric supply by the year 2030 and thereafter, and 100 percent of its electric supply by the year 2050, from resources that do not contribute to statewide greenhouse gas emissions, as defined in section 216H.01, subdivision 2.

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

Sec. 36. Minnesota Statutes 2018, section 216B.2422, is amended by adding a subdivision to read:

**Subd. 4a. Preference for local job creation.** As a part of its resource plan filing, a utility must report on associated local job impacts and the steps the utility and its energy suppliers and contractors are taking to maximize the availability of construction employment opportunities for local workers. The commission must consider local job impacts and give preference to proposals that maximize the creation of construction employment opportunities for local workers, consistent with the public interest, when evaluating any utility proposal that involves the selection or construction of facilities used to generate or deliver energy to serve the utility's customers, including but not limited to a certificate of need, a power purchase agreement, or commission approval of a new or refurbished electric generation facility.

Sec. 37. Minnesota Statutes 2018, section 216B.2422, subdivision 5, is amended to read:

**Subd. 5. Bidding; exemption from certificate of need proceeding.** (a) A utility may select resources to meet its projected energy demand through a bidding process approved or established by the commission. A utility shall use the environmental cost estimates determined under subdivision 3 and consider local job impacts in evaluating bids submitted in a process established under this subdivision.

(b) Notwithstanding any other provision of this section, if an electric power generating plant, as described in section 216B.2421, subdivision 2, clause (1), is selected in a bidding process approved or established by the commission, a certificate of need proceeding under section 216B.243 is not required.

(c) A certificate of need proceeding is also not required for an electric power generating plant that has been selected in a bidding process approved or established by the commission, or such other selection process approved by the commission, to satisfy, in whole or in part, the wind power mandate of section 216B.2423 or the biomass mandate of section 216B.2424.

Sec. 38. Minnesota Statutes 2018, section 216B.2422, is amended by adding a subdivision to read:

Subd. 7. **Energy storage systems assessment.** (a) Each public utility required to file a resource plan under subdivision 2 must include in the filing an assessment of energy storage systems that analyzes how the deployment of energy storage systems contributes to:

(1) meeting identified generation and capacity needs; and

(2) evaluating ancillary services.

(b) The assessment must employ appropriate modeling methods to enable the analysis required in paragraph (a).

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

Sec. 39. **[216B.2427] ELECTRIC UTILITIES; ANCILLARY SERVICES COST REPORT.**

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

(b) "Ancillary services" means services that help maintain the reliability of the electrical grid by maintaining the proper flow and direction of electricity, addressing temporary imbalances of supply and demand, and helping the electrical grid to recover after a power failure. Ancillary services include but are not limited to spinning reserves, nonspinning reserves, voltage regulation, load following, and black start capability.

(c) "Black start capability" means the provision of the initial energy needed to start up and begin operation of an electricity generator.

(d) "Load following" means the matching, within five minutes or less, of electricity supply to demand as demand fluctuates.

(e) "Nonspinning reserves" means electric generation capacity that is not connected to the electric grid, but is capable of:

(1) being connected, ramped to capacity, and synchronized to the electric grid within ten minutes; and

(2) maintaining a specified output level for at least two hours.

(f) "Spinning reserves" means reserve electric generation capacity that is connected and synchronized to the electric grid and can meet electric demand within ten minutes.

(g) "Voltage regulation" means the maintenance of voltage levels on the electric grid.

Subd. 2. **Report.** By October 1, 2019, and each April 1 thereafter, each electric utility must report to the commission on a form developed by the commission the total cost to purchase or self-provide ancillary services throughout the previous calendar year. For each type of ancillary service, the utility must report:

- (1) the entity providing the ancillary service;
- (2) the amount, duration, and frequency of the ancillary service provided; and
- (3) the cost to purchase or provide the ancillary service.

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

Sec. 40. Minnesota Statutes 2018, section 216B.243, subdivision 3, is amended to read:

Subd. 3. **Showing required for construction.** (a) No proposed large energy facility shall be certified for construction unless the applicant can show that demand for electricity cannot be met more cost effectively through energy conservation, energy storage, and load-management measures and unless the applicant has otherwise justified its need. In assessing need, the commission shall evaluate:

- (1) the accuracy of the long-range energy demand forecasts on which the necessity for the facility is based;
- (2) the effect of existing or possible energy conservation programs under sections 216C.05 to 216C.30 and this section or other federal or state legislation on long-term energy demand;
- (3) the relationship of the proposed facility to overall state energy needs, as described in the most recent state energy policy and conservation report prepared under section 216C.18, or, in the case of a high-voltage transmission line, the relationship of the proposed line to regional energy needs, as presented in the transmission plan submitted under section 216B.2425;
- (4) promotional activities that may have given rise to the demand for this facility;
- (5) benefits of this facility, including its uses to protect or enhance environmental quality, and to increase reliability of energy supply in Minnesota and the region;
- (6) possible alternatives for satisfying the energy demand or transmission needs including but not limited to potential for increased efficiency and upgrading of existing energy generation and transmission facilities, energy storage systems, load-management programs, and distributed generation;
- (7) the policies, rules, and regulations of other state and federal agencies and local governments;
- (8) any feasible combination of energy conservation improvements, required under section 216B.241, or energy storage systems that can (i) replace part or all of the energy to be provided by the proposed facility, and (ii) compete with it economically;
- (9) with respect to a high-voltage transmission line, the benefits of enhanced regional reliability, access, or deliverability to the extent these factors improve the robustness of the transmission system or lower costs for electric consumers in Minnesota;
- (10) whether the applicant or applicants are in compliance with applicable provisions of sections 216B.1691 and 216B.2425, subdivision 7, and have filed or will file by a date certain an application for certificate of need under this section or for certification as a priority electric transmission project under section 216B.2425 for any transmission facilities or upgrades identified under section 216B.2425, subdivision 7;

(11) whether the applicant has made the demonstrations required under subdivision 3a; and

(12) if the applicant is proposing a nonrenewable generating plant, the applicant's assessment of the risk of environmental costs and regulation on that proposed facility over the expected useful life of the plant, including a proposed means of allocating costs associated with that risk.

(b) "Energy storage system" means a commercially available technology that uses mechanical, chemical, or thermal processes to:

(1) store energy and deliver the stored energy for use at a later time; or

(2) store thermal energy for direct use for heating or cooling at a later time in a manner that reduces the demand for electricity at the later time.

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

Sec. 41. Minnesota Statutes 2018, section 216B.243, subdivision 3a, is amended to read:

Subd. 3a. **Use of ~~renewable~~ nonrenewable resource.** The commission ~~may~~ must not issue a certificate of need under this section for a large energy facility that generates electric power by means of a nonrenewable energy source, or that transmits electric power generated by means of a nonrenewable energy source, unless the applicant for the certificate has demonstrated by clear and convincing evidence to the commission's satisfaction under section 216B.2422, subdivision 4, that ~~it~~ the applicant has explored the possibility of conducted the analysis required under section 216B.2422, subdivision 3b, regarding generating power by means of renewable clean energy sources resources, as defined in section 216B.2422, subdivision 1, and has demonstrated that the alternative selected is less expensive (including environmental costs) than power generated by a renewable energy source. For purposes of this subdivision, "renewable energy source" includes hydro, wind, solar, and geothermal energy and the use of trees or other vegetation as fuel. nonrenewable energy source is in the public interest.

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

Sec. 42. **[216B.247] BENEFICIAL ELECTRIFICATION.**

(a) It is the goal of the state to promote energy end uses powered by electricity that result in a net reduction in greenhouse gas emissions and improvements to public health, consistent with the goal established under section 216H.02, subdivision 1.

(b) To the maximum reasonable extent, the implementation of beneficial electrification should prioritize investment and activity in low-income and underresourced communities, maintain or improve the quality of electricity service, maximize customer savings, improve the integration of renewable and carbon-free resources, and prioritize job creation.

Sec. 43. **[216B.248] PUBLIC UTILITY BENEFICIAL ELECTRIFICATION.**

(a) A public utility may submit to the commission a plan to promote energy end uses powered by electricity within its service area. To the maximum reasonable extent, the plans must:

(1) maximize consumer savings over the lifetime of the investment;

(2) maintain or enhance the reliability of electricity service;

(3) quantify the acres of land that will be needed for new generation, transmission, and distribution facilities to provide the additional electricity required under the plan;

(4) maintain or enhance public health and safety when temperatures fall below 25 degrees below zero Fahrenheit;

(5) support the integration of renewable and carbon-free resources;

(6) encourage load shape management and energy storage that reduce overall system costs;

(7) prioritize electrification projects in economically disadvantaged communities; and

(8) produce a net reduction in greenhouse gas emissions, based on the electricity generation portfolio of the public utility proposing the plan either over the lifetime of the conversion or by 2050, whichever is sooner.

(b) The commission must approve, reject, or modify the public utility's plan, consistent with the public interest. Plans approved by the commission under this subdivision are eligible for cost recovery under section 216B.1645.

Sec. 44. **[216C.376] SOLAR FOR SCHOOLS PROGRAM FOR CERTAIN UTILITY SERVICE TERRITORY.**

Subdivision 1. **Establishment; purpose.** The utility subject to section 116C.779 must operate a program to develop, and to supplement with additional funding, financial arrangements that allow schools to benefit from state and federal tax and other financial incentives that schools are ineligible to receive directly, in order to enable schools to install and operate solar energy systems that can be used as teaching tools and integrated into the school curriculum.

Subd. 2. **Required plan.** (a) By October 1, 2019, the public utility must file a plan for the solar for schools program with the commissioner. The plan must contain but is not limited to the following elements:

(1) a description of how entities that are eligible to take advantage of state and federal tax and other financial incentives that reduce the cost to purchase, install, and operate a solar energy system that schools are ineligible to take advantage of directly can share a portion of the financial benefits with schools where a solar energy system is proposed to be installed;

(2) a description of how the public utility intends to use funds appropriated to the program under this section to provide additional financial assistance to schools where a solar energy system is proposed to be installed;

(3) certification that the financial assistance provided under this section to a school by the public utility must include the full value of the renewable energy certificates associated with the generation of electricity by the solar energy system receiving financial assistance under this section over the lifetime of the solar energy system;

(4) an estimate of the amount of financial assistance that the public utility provides to a school under clauses (1) to (3) on a per kilowatt-hour produced basis, and the length of time financial assistance is provided;

(5) certification that the transaction between the public utility and the school for electricity is the buy-all/sell-all method by which the public utility charges the school for all electricity the school consumes at the applicable retail rate schedule for sales to the school based on the school's customer class, and credits or pays the school at the rate established in subdivision 5;

(6) administrative procedures governing the application and financial benefit award process, and the costs the public utility and the department are projected to incur to administer the program;

(7) the public utility's proposed process for periodic reevaluation and modification of the program; and

(8) any additional information required by the commissioner.

(b) The public utility must not implement the program until the commissioner approves the public utility's plan submitted under this subdivision. The commissioner must approve a plan under this subdivision that the commissioner determines is in the public interest no later than December 31, 2019. Any proposed modifications to the plan approved under this subdivision must be approved by the commissioner.

Subd. 3. **System eligibility.** A solar energy system is eligible to receive financial benefits under this section if it meets all of the following conditions:

(1) the solar energy system must be located on or adjacent to a school building receiving retail electric service from the public utility and completely located within the public utility's electric service territory, provided that any land situated between the school building and the site where the solar energy system is installed is owned by the school district where the school building operates;

(2) any energy storage system that is part of a solar energy system may only store energy generated by an existing solar energy system serving the school or the solar energy system receiving financial assistance under this section; and

(3) the total aggregate nameplate capacity of all distributed generation serving the school building, including any subscriptions to a community solar garden under section 216B.1641, does not exceed the lesser of one megawatt alternating current or 120 percent of the school building's average annual electric energy consumption.

Subd. 4. **Application process.** (a) A school seeking financial assistance under this section must submit an application to the public utility, including a plan for how the school plans to use the solar energy system as a visible learning tool for students, teachers, and visitors to the school, and how the solar energy system may be integrated into the school's curriculum.

(b) The public utility must award financial assistance under this section on a first-come, first-served basis.

(c) The public utility must discontinue accepting applications under this section after all funds appropriated under subdivision 5 are allocated to program participants, including funds from canceled projects.

Subd. 5. **Benefits information.** Before signing an agreement with the public utility to receive financial assistance under this section, a school must obtain from the developer and provide to the public utility information the developer shared with potential investors in the project regarding future financial benefits to be realized from installation of a solar energy system at the school, and potential financial risks.

Subd. 6. **Purchase rate; cost recovery; renewable energy credits.** (a) The public utility must purchase all of the electricity generated by a solar energy system receiving financial assistance under this section at a rate of \$0.105 per kilowatt-hour generated.

(b) Payments by the public utility of the rate established under this subdivision to a school receiving financial assistance under this section are fully recoverable by the public utility through the public utility's fuel clause adjustment.



(c) The renewable energy credits associated with the electricity generated by a solar energy system installed under this section are the property of the public utility that is subject to this section.

Subd. 7. **Limitation.** (a) No more than 50 percent of the financial assistance provided by the public utility to schools under this section may be provided to schools where the proportion of students eligible for free and reduced-price lunch under the National School Lunch Program is less than 50 percent.

(b) No more than ten percent of the total amount of financial assistance provided by the public utility to schools under this section may be provided to schools that are part of the same school district.

Subd. 8. **Technical assistance.** The commissioner must provide technical assistance to schools to develop and execute projects under this section.

Subd. 9. **Application deadline.** No application may be submitted under this section after December 31, 2023.

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

Sec. 45. **[216C.401] ELECTRIC VEHICLE REBATES.**

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

(b) "Electric vehicle" has the meaning given in section 169.011, subdivision 26a, paragraphs (a) and (b), clause (3).

(c) "New eligible electric vehicle" means an eligible electric vehicle that has not been registered in any state.

(d) "Used eligible electric vehicle" means an eligible electric vehicle that has previously been registered in a state.

Subd. 2. **Eligibility.** The purchaser of an electric vehicle is eligible for a rebate, subject to the amounts and limits in subdivisions 3 and 4, if:

(1) the electric vehicle:

(i) has not been modified from the original manufacturer's specifications; and

(ii) is purchased after the effective date of this act for use by the purchaser and not for resale;

(2) the purchaser:

(i) is a resident of Minnesota, as defined in section 290.01, subdivision 7, paragraph (a), when the electric vehicle is purchased;

(ii) is a business that has a valid address in Minnesota from which business is conducted;

(iii) is a nonprofit corporation incorporated under chapter 317A; or

(iv) is a political subdivision of the state; and

(3) the purchaser:

(i) has not received a rebate or tax credit for the purchase of an electric vehicle from Minnesota; and

(ii) registers the electric vehicle in Minnesota.

Subd. 3. **Rebate amounts.** (a) A \$2,500 rebate may be issued under this section to an eligible purchaser for the purchase of a new eligible electric vehicle.

(b) A \$500 rebate may be issued under this section to an eligible purchaser for the purchase of a used eligible electric vehicle, provided the electric vehicle has not previously been registered in Minnesota.

Subd. 4. **Limits.** (a) The number of rebates allowed under this section are limited to:

(1) no more than one rebate per resident per household; and

(2) no more than one rebate per business entity per year.

(b) A rebate must not be issued under this section for an electric vehicle with a manufacturer's suggested retail price that exceeds \$60,000.

Subd. 5. **Program administration.** (a) Rebate applications under this section must be filed with the commissioner on a form developed by the commissioner.

(b) The commissioner must develop administrative procedures governing the application and rebate award process. Applications must be reviewed and rebates awarded by the commissioner on a first-come, first-served basis.

(c) The commissioner may reduce the rebate amounts provided under subdivision 3 or restrict program eligibility based on fund availability or other factors.

Subd. 6. **Expiration.** This section expires June 30, 2024.

Sec. 46. **[216C.402] ELECTRIC VEHICLE PUBLIC CHARGING GRANT PROGRAM.**

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

(b) "Electric vehicle" has the meaning given in section 169.011, subdivision 26a.

(c) "Electric vehicle charging station" means infrastructure that recharges an electric vehicle's batteries by connecting the electric vehicle to:

(1) a level two charger that provides a 208- or 240-volt alternating current power source; or

(2) a DC fast charger that has an electric output of 20 kilowatts or greater.

(d) "Park-and-ride facility" has the meaning given in section 174.256, subdivision 2, paragraph (b).

(e) "Public electric vehicle charging station" means an electric charging station located at a publicly available parking space.

Subd. 2. **Program.** (a) The commissioner must award grants to help fund the installation of a network of public electric vehicle charging stations in Minnesota, including locations in state and regional parks, trailheads, and park-and-ride facilities. The commissioner must issue a request for proposals to entities that have experience installing, owning, operating, and maintaining electric vehicle charging stations. The request for proposal must establish technical specifications that electric vehicle charging stations are required to meet.

(b) The commissioner must consult with the commissioner of natural resources to develop optimal locations for electric vehicle charging stations in state and regional parks, and with the commissioner of transportation to develop optimal locations for electric vehicle charging stations at park-and-ride facilities.

Subd. 3. **Electricity supplier.** Electricity dispensed from an electric vehicle charging station funded under this act must be purchased from the public utility subject to section 116C.779, subdivision 1.

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

Sec. 47. Minnesota Statutes 2018, section 216C.435, subdivision 3a, is amended to read:

Subd. 3a. **Cost-effective energy improvements.** "Cost-effective energy improvements" mean:

(1) any new construction, renovation, or retrofitting of:

(i) qualifying commercial real property to improve energy efficiency that is permanently affixed to the property, results in a net reduction in energy consumption without altering the principal source of energy, and has been identified in an energy audit as repaying the purchase and installation costs in 20 years or less, based on the amount of future energy saved and estimated future energy prices; or

(ii) (2) any renovation or retrofitting of qualifying residential real property that is permanently affixed to the property and is eligible to receive an incentive through a program offered by the electric or natural gas utility that provides service under section 216B.241 to the property or is otherwise determined to be a cost-effective energy improvement by the commissioner under section 216B.241, subdivision 1d, paragraph (a);

(iii) (3) permanent installation of new or upgraded electrical circuits and related equipment to enable electrical vehicle charging; or

(iv) (4) a solar voltaic or solar thermal energy system attached to, installed within, or proximate to a building that generates electrical or thermal energy from a renewable energy source that has been identified in an energy audit or renewable energy system feasibility study as repaying their purchase and installation costs in 20 years or less, based on the amount of future energy saved and estimated future energy prices.

Sec. 48. Minnesota Statutes 2018, section 216C.435, subdivision 8, is amended to read:

Subd. 8. **Qualifying commercial real property.** "Qualifying commercial real property" means a multifamily residential dwelling, or a commercial or industrial building, that the implementing entity has determined, after review of an energy audit or renewable energy system feasibility study, can be benefited by installation of cost-effective energy improvements. Qualifying commercial real property includes new construction.

Sec. 49. Minnesota Statutes 2018, section 216C.436, subdivision 4, is amended to read:

Subd. 4. **Financing terms.** Financing provided under this section must have:

(1) a cost-weighted average maturity not exceeding the useful life of the energy improvements installed, as determined by the implementing entity, but in no event may a term exceed 20 years;

(2) a principal amount not to exceed the lesser of:

(i) the greater of 20 percent of the assessed value of the real property on which the improvements are to be installed or 20 percent of the real property's appraised value, accepted or approved by the mortgage lender; or

(ii) the actual cost of installing the energy improvements, including the costs of necessary equipment, materials, and labor, the costs of each related energy audit or renewable energy system feasibility study, and the cost of verification of installation; and

(3) an interest rate sufficient to pay the financing costs of the program, including the issuance of bonds and any financing delinquencies.

Sec. 50. Minnesota Statutes 2018, section 216C.436, is amended by adding a subdivision to read:

**Subd. 10. Improvements; real property or fixture.** A cost-effective energy improvement financed under a PACE loan program, including all equipment purchased in whole or in part with loan proceeds under a loan program, is deemed real property or a fixture attached to the real property.

Sec. 51. **[216C.45] POWER PLANT HOST COMMUNITY TRANSITION PLANNING.**

The commissioner of commerce must coordinate with the commissioner of labor and industry and the commissioner of employment and economic development to develop plans, programs, and recommendations to mitigate the impacts on host communities and workers resulting from the retirement of large electric generation facilities. The commissioners must confer with stakeholders in preparing these plans and programs, including representatives of local government units that host large electric generation facilities, workers and contractors at large generation facilities, and the utilities that own large electric generation facilities.

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

Sec. 52. Minnesota Statutes 2018, section 216F.04, is amended to read:

**216F.04 SITE PERMIT.**

- (a) No person may construct an LWECS without a site permit issued by the Public Utilities Commission.
- (b) Any person seeking to construct an LWECS shall submit an application to the commission for a site permit in accordance with this chapter and any rules adopted by the commission. The permitted site need not be contiguous land.
- (c) The commission shall make a final decision on an application for a site permit for an LWECS within 180 days after acceptance of a complete application by the commission. The commission may extend this deadline for cause.
- (d) The commission may place conditions in a permit and may deny, modify, suspend, or revoke a permit.
- (e) The commission may require, as a condition of permit issuance, that the recipient of a site permit to construct an LWECS with a nameplate capacity above 25,000 kilowatts and all of the permit recipient's construction contractors and subcontractors on the project pay the prevailing wage rate, as defined in section 177.42. The commission may also require, as a condition of modifying a site permit for an LWECS repowering project as defined in section 216B.243, subdivision 8, paragraph (b), that the recipient of the site permit and all of the recipient's construction contractors and subcontractors on the repowering project pay the prevailing wage rate as defined in section 177.42.

Sec. 53. Minnesota Statutes 2018, section 216F.08, is amended to read:

**216F.08 PERMIT AUTHORITY; ASSUMPTION BY COUNTIES.**

(a) A county board may, by resolution and upon written notice to the Public Utilities Commission, assume responsibility for processing applications for permits required under this chapter for LWECS with a combined nameplate capacity of less than 25,000 kilowatts. The responsibility for permit application processing, if assumed by a county, may be delegated by the county board to an appropriate county officer or employee. Processing by a county shall be done in accordance with procedures and processes established under chapter 394.

(b) A county board that exercises its option under paragraph (a) may issue, deny, modify, impose conditions upon, or revoke permits pursuant to this section. The action of the county board about a permit application is final, subject to appeal as provided in section 394.27.

(c) The commission shall, by order, establish general permit standards, including appropriate property line set-backs, governing site permits for LWECS under this section. The order must consider existing and historic commission standards for wind permits issued by the commission. The general permit standards shall apply to permits issued by counties and to permits issued by the commission for LWECS with a combined nameplate capacity of less than 25,000 kilowatts. The commission or a county may grant a variance from a general permit standard if the variance is found to be in the public interest, provided all LWECS site permits issued by the commission or a county and all modifications of site permits issued by the commission or a county for repowering projects comply with the prevailing wage rate requirements under section 216F.04, paragraph (e).

(d) The commission and the commissioner of commerce shall provide technical assistance to a county with respect to the processing of LWECS site permit applications.

Sec. 54. Minnesota Statutes 2018, section 326B.106, is amended by adding a subdivision to read:

Subd. 16. **Voluntary adoption of stretch code.** The Construction Codes Advisory Council must establish a voluntary code of standards for the construction, reconstruction, and alteration of public and private commercial and multifamily residential buildings, as an appendix to the State Building Code. This voluntary code of standards must conform to Sustainable Building 2030 standards, as defined in section 216B.241, subdivision 9, which applies additional performance requirements without altering any underlying codes or safety standards. The code sections contained in this appendix may be adopted by a local jurisdiction at its election and become an official addendum to the baseline energy code in the jurisdictions adopting them. When adopting the code sections contained in the appendix, the local jurisdiction must not amend the code sections, but may specify a minimum size for the buildings the stretch code will apply to. The minimum size must be at least 10,000 square feet.

Sec. 55. **METROPOLITAN COUNCIL; ELECTRIC BUS PURCHASES.**

After the effective date of this act and until the appropriation made in section 61, subdivision 5, is exhausted, any bus purchased by the Metropolitan Council for Metro Transit bus service must operate solely on electricity provided by rechargeable on-board batteries. The appropriation in section 61, subdivision 5, must be used to pay the incremental cost of buses that operate solely on electricity provided by rechargeable on-board batteries over diesel-operated buses that are otherwise comparable in size, features, and performance.

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

Sec. 56. **ELECTRIC SCHOOL BUS DEMONSTRATION GRANT.**

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

(b) "Electric school bus" means a school bus powered solely by an electric motor drawing current from rechargeable storage batteries, fuel cells, or other portable sources of electric current.

(c) "Electric vehicle charging station" means infrastructure that recharges an electric vehicle's batteries by connecting the electric vehicle to:

(1) a level 2 charger that provides a 240-volt alternating current power source; or

(2) a DC fast charger that has an electric output of 20 kilowatts or greater.

(d) "Private school bus contractor" means a person who contracts with a school district to transport school district students to and from school and school activities on school buses owned and operated by the person.

(e) "School bus" has the meaning given in Minnesota Statutes, section 169.011, subdivision 71. School bus does not include a Type III vehicle, as defined in Minnesota Statutes, section 169.011, paragraph (h).

(f) "School district" means an independent or special school district.

**Subd. 2. Purpose.** The commissioner of education must award a grant to a school district to purchase an electric school bus as a demonstration project to enable the school district, the electric utility serving the school district, and, if applicable, the private school bus contractor providing transportation services to the school district to gain experience operating an electric school bus and to assess its performance.

**Subd. 3. Eligibility.** A school district located within the electric retail service area of the public utility subject to Minnesota Statutes, section 116C.779, subdivision 1, that owns and operates school buses or contracts with a private school bus contractor is eligible to apply for a grant under this section.

**Subd. 4. Application process.** An eligible applicant must submit an application to the commissioner of education on a form designed by the commissioner of education. The commissioner of education must develop administrative procedures governing the application and grant award process.

**Subd. 5. Application content.** An application for a grant under this section must include:

(1) the name of the school district or districts where the electric school bus is proposed to operate;

(2) a description of the route, timing of operation, number of students to be transported, and other factors affecting the performance characteristics that an electric school bus performance must meet;

(3) certification from the electric utility serving the school district, and, if applicable, the private school bus contractor providing transportation services to the school district, that the electric utility and private school bus contractor fully support and are full partners in implementing the demonstration project, including a list of tasks the electric utility and private school bus contractor commit to conduct and any voluntary financial contributions to the project;

(4) certification from the electric utility serving the school district that it commits to pay the costs to purchase and install an electric vehicle charging station in a convenient location to recharge the batteries of the electric school bus;

(5) evidence that the proposed electric school bus has access to an electric vehicle charging station at a convenient location;

(6) if the school district contracts with a private school bus contractor:

(i) a copy of a signed agreement between the school district and the private school bus contractor that protects the state's interest in the electric school bus purchased with the grant in the case of the termination of the private school bus contractor's contract with the school district or other contingencies; and

(ii) written certification that any revenues paid to the private school bus contractor by the utility providing retail electric service to the private school bus contractor that result from the purchase of or access to the electricity stored in the batteries of the electric school bus purchased with a grant under this section must be forwarded to the school district; and

(7) any additional information required by the commissioner of education.

Subd. 6. **Eligible expenditures.** Grant funds awarded under this section may be expended to:

(1) purchase an electric school bus;

(2) pay the cost of electricity to charge the batteries of the electric school bus; and

(3) pay repair and maintenance costs for the electric school bus.

Subd. 7. **Reports.** On or before the first anniversary of the initial operation of a school bus funded by a grant under this section, and on or before the same date in each of the following two years, the school district awarded the grant, in collaboration with the electric utility serving the school district, and, if applicable, the private school bus contractor providing transportation services to the school district, must submit a report describing the performance of the electric school bus to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over energy policy, transportation policy, and education policy, and to the commissioner of education. At a minimum, the report must contain the following information regarding the performance of the electric school bus:

(1) the number of miles traveled per day and per year;

(2) the cost of recharging, and any steps taken to minimize the costs by charging at off-peak times;

(3) operating costs per mile;

(4) miles driven per kilowatt hour;

(5) the number of days the electric school bus was out of service for repairs;

(6) discussion of the qualitative aspects of performance, including the impact of extreme cold on bus performance; and

(7) any other information deemed relevant by the school district.

Sec. 57. **GREENHOUSE GAS EMISSIONS REDUCTION STRATEGY; REPORT.**

(a) The commissioner of commerce must develop benchmarks and strategies designed to significantly accelerate the reduction in greenhouse gas emissions in Minnesota by 2030, including strategies to:

(1) increase energy efficiency in all buildings, including residential;

(2) provide consumers with tools to manage personal energy use automatically, remotely, and electronically;

(3) present consumers with financial incentives to shift energy use to periods when systemwide demand and the cost of generation are low;

(4) work toward electrifying all sectors of the economy currently powered by fossil fuels;

(5) increase carbon sequestration in Minnesota lands and wetlands;

(6) incentivize the adoption of energy storage systems to accelerate the use of wind and solar resources; and

(7) modernize the electric grid and promote the use of distributed energy resources.

(b) By November 30, 2019, the commissioner must submit a report containing the benchmarks and strategies to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over energy policy.

Sec. 58. **PRAIRIE ISLAND RENEWABLE ENERGY.**

Subdivision 1. **Program established.** The Prairie Island Renewable Energy Project is established to enable the Prairie Island Indian Community to develop renewable energy systems.

Subd. 2. **Grant.** The commissioner of employment and economic development must enter into a grant contract with the Prairie Island Indian Community to provide funding to stimulate implementation of renewable energy projects benefiting the Prairie Island Indian Community or its members. Renewable energy projects under this section include but are not limited to geothermal energy and on-site community solar gardens at Prairie Island, Upper Island, Mount Frontenac, the assisted living center located near the intersection of Highway 361 and signed U.S. Highway 61, and any residential development on land owned by the Prairie Island Indian Community in West Lakeland Township. Any examination conducted by the commissioner of employment and economic development to determine the sufficiency of the financial stability and capacity of the Prairie Island Indian Community to carry out the purposes of this grant is limited to the Community Services Department of the Prairie Island Indian Community.

Subd. 3. **Report.** The Prairie Island Indian Community must file a report on July 1, 2020, and each July 1 thereafter until the project is complete, describing the progress made in implementing the project and the uses of expended funds. A final report must be completed within 90 days of the date the project is complete.

**EFFECTIVE DATE.** This section is effective June 1, 2019.

Sec. 59. **COORDINATED ELECTRIC TRANSMISSION STUDY.**

(a) Each entity subject to Minnesota Statutes, section 216B.2425, must participate in a coordinated engineering study to identify transmission network enhancements necessary to maintain system reliability in the event large generation resources are retired. Specifically, the study must evaluate what enhancements are necessary in the event large generation resources that reach the end of the large generation resource's depreciation term or operating license term within 20 years of the effective date of this section are retired. The study must also evaluate the transmission enhancements that may be necessary to interconnect replacement generation, including but not limited to:

(1) 7,000 megawatts of generation from eligible energy technologies, as defined in Minnesota Statutes, section 216B.1691, subdivision 1, by 2025; and

(2) any replacement generation and renewable resource additions, including generation tie lines, anticipated to occur by 2035 in any utility's integrated resource plan filed with or approved by the Public Utilities Commission.

(b) When setting the scope for the study and as needed while the study is being conducted, utilities must consult with the commissioner of commerce, technical representatives of renewable energy resource developers, and other interested entities to discuss and identify needed generation tie lines to support the continued orderly development of renewable resources in Minnesota. The study must include any analysis performed by the Midcontinent Independent System Operator.

(c) A report on the study must be completed and submitted to the Public Utilities Commission by November 1, 2020, and include a preliminary plan to build the needed transmission network enhancements. Reasonable and prudent costs for the study are recoverable through the mechanism provided under Minnesota Statutes, section 216B.1645, subdivision 2.



Sec. 60. **ENERGY UTILITY DIVERSITY STAKEHOLDER GROUP; REPORT.**

(a) The Public Utilities Commission must convene a stakeholder group to examine the challenges and opportunities for Minnesota's energy utilities to attract a diverse workforce with the skills needed to advance a 21st century industry and to increase the supplier diversity of energy utilities. The stakeholder group must include but is not limited to stakeholders representative of public utilities as defined in Minnesota Statutes, section 216B.02, subdivision 4, municipal, electric, or gas utilities, and electric or gas cooperative associations. The executive director of the commission must convene the first meeting of the stakeholder group.

(b) The stakeholder group must:

(1) examine current and projected employment in the energy utility sector;

(2) provide information on possible approaches to assist workers and energy utilities to develop a diverse workforce that has the skills to build, maintain, and operate the electricity system of the future;

(3) review key trends that have shaped employment in this sector and the demographics of the sector, including the underrepresentation of women, veterans, and minorities in employment and leadership;

(4) identify the challenges to replacing retiring workers;

(5) examine the imbalance of available worker skills to utility workforce needs; and

(6) identify the challenges and possible approaches to increasing supplier diversity.

(c) The stakeholder group must also consider whether information regarding workforce and supplier diversity should be included and considered as part of any resource plan filed by a utility with the commission.

(d) By January 15, 2020, the stakeholder group must issue a report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over energy policy and finance identifying its findings and recommendations for establishing a more diverse workforce and increasing supplier diversity within the electric energy sector.

Sec. 61. **APPROPRIATION.**

Subdivision 1. **University of Minnesota renewable energy transition.** (a) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), \$6,000,000 in fiscal year 2020 is appropriated from the renewable development account established under Minnesota Statutes, section 116C.779, subdivision 1, to the Board of Regents of the University of Minnesota to establish goals and benchmarks and implement a rapid transition toward the use of renewable fuels for electricity and thermal energy in campus buildings by 2030. This appropriation may only be expended on activities located within the electric service area of the public utility subject to Minnesota Statutes, section 116C.779, subdivision 1. This appropriation is available until December 31, 2024.

(b) As a condition of receiving the appropriation under paragraph (a), the Board of Regents of the University of Minnesota must submit a report by January 15, 2020, and biennially thereafter until January 15, 2030, on the progress made toward the goals and benchmarks established under paragraph (a) to the chairs and ranking minority members of the senate and house of representatives committees and divisions with jurisdiction over energy, climate, the environment, and natural resources.

**Subd. 2. Minnesota State Colleges and Universities renewable energy transition.** (a) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), \$6,000,000 in fiscal year 2020 is appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the Board of Trustees of the Minnesota State Colleges and Universities to establish goals and benchmarks and implement a rapid transition toward the use of renewable fuels for electricity and thermal energy in campus buildings by 2030. This appropriation may only be expended on activities located within the electric service area of the public utility subject to Minnesota Statutes, section 116C.779, subdivision 1. This appropriation is available until December 31, 2024.

(b) As a condition of receiving the appropriation provided under paragraph (a), the Board of Trustees of the Minnesota State Colleges and Universities must submit a report by January 15, 2020, and biennially thereafter until January 15, 2030, on the steps taken and progress made toward achieving the goals and benchmarks established under paragraph (a) to the chairs and ranking minority members of the senate and house of representatives committees and divisions with jurisdiction over energy, climate, the environment, and natural resources.

**Subd. 3. Solar devices.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), \$3,500,000 in fiscal year 2020 is appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of natural resources to install and expand solar photovoltaic or solar thermal energy devices in state parks served with electricity by the public utility subject to Minnesota Statutes, section 116C.779, subdivision 1. The department owns any renewable energy credits associated with the electricity generated by a solar photovoltaic device funded with this appropriation. This appropriation is available until December 31, 2024.

**Subd. 4. Solar for schools.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), \$16,000,000 in fiscal year 2020 is appropriated from the renewable development account established under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for transfer to the public utility that is subject to Minnesota Statutes, section 216C.376, to award grants and financial assistance to schools under the solar for schools program under Minnesota Statutes, section 216C.376. This appropriation is available until December 31, 2024.

**Subd. 5. Metropolitan Council; electric buses.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), \$8,000,000 in fiscal year 2019 is appropriated from the renewable development account under Minnesota Statutes, section 116C.779, subdivision 1, to the Metropolitan Council to defray the cost of purchasing electric buses, as described in section 55. Any funds remaining from this appropriation that are insufficient to fully fund the incremental cost of purchasing an electric bus rather than a diesel-operated bus cancel back to the renewable development account. This appropriation is available until December 31, 2020.

**Subd. 6. Electric school bus grant.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), \$500,000 in fiscal year 2020 is appropriated from the renewable development account under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of education to award a grant to a school district located within the retail electric service area of the public utility subject to Minnesota Statutes, section 116C.779, subdivision 1, to purchase an electric school bus. This appropriation is available until December 31, 2024.

**Subd. 7. Community solar garden administration.** (a) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), \$750,000 in fiscal year 2020 and \$750,000 in fiscal year 2021 are appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for the purpose of funding the Department of Commerce's administrative and enforcement activities under Minnesota Statutes, section 216B.1641, subdivision 4.

(b) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), \$1,000,000 in fiscal year 2020 and \$1,000,000 in fiscal year 2021 are appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for grants under Minnesota Statutes, section 216B.1643.

(c) Up to three percent of the appropriation made in paragraph (b) is available to the commissioner of commerce for the reasonable costs of administrating the grant program in Minnesota Statutes, section 216B.1643.

Subd. 8. **Prairie Island Renewable Energy project.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), \$2,000,000 in fiscal year 2020 and \$3,000,000 in fiscal year 2021 are appropriated from the renewable development account under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of employment and economic development for a grant to the Prairie Island Indian Community to implement the Prairie Island Renewable Energy project under section 58. This appropriation is onetime and is available until December 31, 2024.

Subd. 9. **Electric vehicle rebates.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), \$10,400,000 in fiscal year 2020 is appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce to award rebates to eligible electric vehicle purchasers under Minnesota Statutes, section 216C.401. Appropriations from this paragraph must be used to award rebates to eligible purchasers who reside within the retail electric service area of the public utility subject to Minnesota Statutes, section 116C.779, subdivision 1. This appropriation is available until December 31, 2024.

Subd. 10. **Electric vehicle charging stations.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), \$2,500,000 in fiscal year 2020 is appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce to award grants to install electric vehicle charging stations under Minnesota Statutes, section 216C.402. Appropriations from this paragraph must be used to award grants to install electric vehicle charging stations within the retail electric service area of the public utility subject to Minnesota Statutes, section 116C.779, subdivision 1. Up to \$600,000 of this appropriation may be used to fund electric vehicle charging stations in state and regional parks and up to \$100,000 may be used to fund electric vehicle charging stations in park-and-ride facilities. Unexpended funds from this \$700,000 may be used to fund electric vehicle charging stations in either location. This appropriation is available until December 31, 2024.

Subd. 11. **Stretch code.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), \$100,000 in fiscal year 2020 is appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for transfer to the Center for Sustainable Building Research at the University of Minnesota to provide technical assistance to local jurisdictions that adopt a voluntary stretch code under Minnesota Statutes, section 326B.106, subdivision 16. This is a onetime appropriation. This appropriation is available until December 31, 2024.

Subd. 12. **Coordinated electric transmission study.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), \$1,000,000 in fiscal year 2020 is appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce to conduct the transmission study required under section 59.

Subd. 13. **Solar incentive program.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), \$5,000,000 in fiscal year 2019 is appropriated from the renewable development account under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for transfer to a public utility that is subject to Minnesota Statutes, section 116C.779, subdivision 1, for the purpose of Minnesota Statutes, section 116C.7792. This appropriation must be expended by December 31, 2019.

Subd. 14. **Made in Minnesota; administration.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), \$100,000 in fiscal year 2020 and \$100,000 in fiscal year 2021 are appropriated from the renewable development account under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for the purpose of administering the Made in Minnesota program under Minnesota Statutes, section 216C.417.

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

Sec. 62. **REPEALER.**

Minnesota Statutes 2018, section 216B.241, subdivisions 1, 2c, and 4, are repealed."

Delete the title and insert:

"A bill for an act relating to state government; establishing a budget for economic development, telecommunications, and energy; appropriating money to the broadband grant program; establishing a budget to finance energy-related activities; creating renewable energy grant programs; modifying and establishing various provisions governing energy policy and finance; strengthening requirements for clean energy and energy conservation in Minnesota; appropriating money for jobs and economic development; establishing paid family leave insurance; modifying economic development programs; establishing wage theft prevention; providing for earned sick and safe time; modifying labor and industry policy provisions; modifying commerce policy provisions; adopting Unemployment Insurance Advisory Council provisions; modifying unemployment insurance policy; modifying Bureau of Mediation Services policy; establishing guidelines relating to unclaimed property; modifying fees; increasing civil and criminal penalties; authorizing rulemaking; requiring reports; appropriating money; amending Minnesota Statutes 2018, sections 13.43, subdivision 6; 13.685; 13.719, by adding a subdivision; 15.72, subdivision 2; 16C.285, subdivision 3; 47.59, subdivision 2; 47.60, subdivision 2; 47.601, subdivisions 2, 6; 53.04, subdivision 3a; 56.131, subdivision 1; 116C.7792; 116J.8731, subdivision 5; 116J.8748, subdivisions 4, 6; 175.46, subdivisions 3, 13; 176.1812, subdivision 2; 176.231, subdivision 1; 177.27, subdivisions 2, 4, 7, by adding subdivisions; 177.30; 177.32, subdivision 1; 179.86, subdivisions 1, 3; 179A.041, by adding a subdivision; 181.03, subdivision 1, by adding subdivisions; 181.032; 181.101; 181.635, subdivision 2; 181.942, subdivision 1; 182.659, subdivision 8; 182.666, subdivisions 1, 2, 3, 4, 5, by adding a subdivision; 216B.16, subdivision 13, by adding a subdivision; 216B.1641; 216B.1645, subdivisions 1, 2; 216B.1691, subdivisions 1, 2b, 9, by adding a subdivision; 216B.2401; 216B.241, subdivisions 1a, 1c, 1d, 1f, 2, 2b, 3, 5, 7, 9, by adding a subdivision; 216B.2422, subdivisions 1, 2, 3, 4, 5, by adding subdivisions; 216B.243, subdivisions 3, 3a; 216B.62, subdivision 3b; 216C.435, subdivisions 3a, 8; 216C.436, subdivision 4, by adding a subdivision; 216F.04; 216F.08; 256J.561, by adding a subdivision; 256J.95, subdivisions 3, 11; 256P.01, subdivision 3; 268.035, subdivisions 4, 12, 15, 20; 268.044, subdivisions 2, 3; 268.046, subdivision 1; 268.047, subdivision 3; 268.051, subdivision 2a; 268.057, subdivision 5; 268.069, subdivision 1; 268.07, subdivision 1; 268.085, subdivisions 3, 3a, 8, 13a, by adding subdivisions; 268.095, subdivisions 6, 6a; 268.105, subdivision 6; 268.145, subdivision 1; 268.18, subdivisions 2b, 5; 268.19, subdivision 1; 290.0132, by adding a subdivision; 326B.082, subdivisions 6, 8, 12; 326B.103, subdivision 11; 326B.106, subdivision 9, by adding a subdivision; 326B.46, by adding a subdivision; 326B.475, subdivision 4; 326B.802, subdivision 15; 326B.815, subdivision 1; 326B.821, subdivision 21; 326B.84; 327.31, by adding a subdivision; 327B.041; 327C.095, subdivision 6, by adding a subdivision; 337.10, subdivision 4; 341.30, subdivision 1; 341.32, subdivision 1; 341.321; 345.515; 345.53, by adding a subdivision; 609.52, subdivisions 1, 2, 3; Laws 2014, chapter 211, section 13, as amended; Laws 2017, chapter 94, article 1, section 2, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 13; 16C; 116J; 116L; 177; 181; 216B; 216C; 325F; 327; proposing coding for new law as Minnesota Statutes, chapters 58B; 268B; 345A; repealing Minnesota Statutes 2018, sections 181.9413; 216B.241, subdivisions 1, 2c, 4; 325F.75."

With the recommendation that when so amended the bill be re-referred to the Committee on Taxes.

The report was adopted.

Carlson, L., from the Committee on Ways and Means to which was referred:

H. F. No. 2400, A bill for an act relating to education finance; modifying the calculation of school district abatement aid; amending Minnesota Statutes 2018, section 127A.49, subdivision 2.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1  
GENERAL EDUCATION

Section 1. Minnesota Statutes 2018, section 16A.152, subdivision 1b, is amended to read:

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

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

**EFFECTIVE DATE.** This section is effective July 1, 2019.

Sec. 2. Minnesota Statutes 2018, section 16A.152, subdivision 2, is amended to read:

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

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

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

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

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

(5) ~~the clean water fund established in section 114D.50 until \$22,000,000 has been transferred into the fund.~~ the amount necessary to increase the special education aid payment percentage under section 127A.45, subdivision 13, paragraph (b), to not more than 100 percent.

(b) The amounts necessary to meet the requirements of this section are appropriated from the general fund within two weeks after the forecast is released or, in the case of transfers under paragraph (a), clauses (3) ~~and~~ (4), and (5), as necessary to meet the appropriations schedules otherwise established in statute.

(c) The commissioner of management and budget shall certify the total dollar amount of the reductions under paragraph (a), clauses (3) ~~and~~ (4), and (5), to the commissioner of education. The commissioner of education shall increase the aid payment percentage ~~and~~ reduce the property tax shift percentage, and increase the special education aid payment percentage by these amounts and apply those reductions to the current fiscal year and thereafter.

~~(d) Paragraph (a), clause (5), expires after the entire amount of the transfer has been made.~~

**EFFECTIVE DATE.** This section is effective July 1, 2019.

Sec. 3. Minnesota Statutes 2018, section 120A.20, subdivision 2, is amended to read:

Subd. 2. **Education, residence, and transportation of homeless.** (a) Notwithstanding subdivision 1, a district must not deny free admission to a homeless pupil solely because the district cannot determine that the pupil is a resident of the district.

(b) The school district of residence for a homeless pupil shall be the school district in which the parent or legal guardian resides, unless: (1) parental rights have been terminated by court order; (2) the parent or guardian is not living within the state; or (3) the parent or guardian having legal custody of the child is an inmate of a Minnesota correctional facility or is a resident of a halfway house under the supervision of the commissioner of corrections. If any of clauses (1) to (3) apply, the school district of residence shall be the school district in which the pupil resided when the qualifying event occurred. If no other district of residence can be established, the school district of residence shall be the school district in which the pupil currently resides. If there is a dispute between school districts regarding residency, the district of residence is the district designated by the commissioner of education.

(c) Except as provided in paragraph (d), the serving district is responsible for transporting a homeless pupil to and from the pupil's district of residence. The district may transport from a permanent home in another district but only through the end of the academic school year. When a pupil is enrolled in a charter school, the district or school that provides transportation for other pupils enrolled in the charter school is responsible for providing transportation. When a homeless ~~student pupil~~ with or without an individualized education program attends a public school other than an independent or special school district or charter school, the district of residence is responsible for transportation.

(d) For a homeless pupil with an individualized education plan enrolled in a program authorized by an intermediate school district, special education cooperative, service cooperative, or education district, the serving district at the time of the pupil's enrollment in the program remains responsible for transporting that pupil for the remainder of the school year, unless the initial serving district and the current serving district mutually agree that the current serving district is responsible for transporting the homeless pupil.

**EFFECTIVE DATE.** This section is effective July 1, 2019.

Sec. 4. **[120A.21] ENROLLMENT OF A STUDENT IN FOSTER CARE.**

A student placed in foster care must remain enrolled in the student's prior school unless it is determined that remaining enrolled in the prior school is not in the student's best interests. If the student does not remain enrolled in the prior school, the student must be enrolled in a new school within seven school days.

**EFFECTIVE DATE.** This section is effective July 1, 2019.

Sec. 5. Minnesota Statutes 2018, section 120A.35, is amended to read:

**120A.35 ABSENCE FROM SCHOOL FOR RELIGIOUS OBSERVANCE.**

Reasonable efforts must be made by a school district to accommodate any pupil who wishes to be excused from a curricular activity for a religious observance. A school board must provide annual notice to parents of the school district's policy relating to a pupil's absence from school for a religious observance. A school board may satisfy the notice requirement by including the notice in a student handbook containing school policies or by posting the notice on the district website.

**EFFECTIVE DATE.** This section is effective for the 2019-2020 school year and later.

Sec. 6. Minnesota Statutes 2018, section 120A.40, is amended to read:

**120A.40 SCHOOL CALENDAR.**

(a) Except for learning programs during summer, flexible learning year programs authorized under sections 124D.12 to 124D.127, and learning year programs under section 124D.128, a district must not commence an elementary or secondary school year before Labor Day, except as provided under paragraph (b). Days devoted to teachers' workshops may be held before Labor Day. Districts that enter into cooperative agreements are encouraged to adopt similar school calendars.

(b) A district may begin the school year on any day before Labor Day:

- (1) to accommodate a construction or remodeling project of \$400,000 or more affecting a district school facility;
- (2) if the district has an agreement under section 123A.30, 123A.32, or 123A.35 with a district that qualifies under clause (1); or
- (3) if the district agrees to the same schedule with a school district in an adjoining state.

(c) A school board may consider the community's religious observances when adopting an annual school calendar.

**EFFECTIVE DATE.** This section is effective for the 2019-2020 school year and later.

Sec. 7. Minnesota Statutes 2018, section 123A.64, is amended to read:

**123A.64 DUTY TO MAINTAIN ELEMENTARY AND SECONDARY SCHOOLS.**

Each district must maintain classified elementary and secondary schools, ~~grades 1~~ kindergarten through grade 12, unless the district is exempt according to section 123A.61 or 123A.62, has made an agreement with another district or districts as provided in sections 123A.30, 123A.32, or sections 123A.35 to 123A.43, or 123A.17, subdivision 7, has received a grant under sections 123A.441 to 123A.445, or has formed a cooperative under section 123A.482. A district that has an agreement according to sections 123A.35 to 123A.43 or 123A.32 must operate a school with the number of grades required by those sections. A district that has an agreement according to section 123A.30 or 123A.17, subdivision 7, or has received a grant under sections 123A.441 to 123A.445 must operate a school for the grades not included in the agreement, but not fewer than three grades.

**EFFECTIVE DATE.** This section is effective for the 2020-2021 school year and later.

Sec. 8. Minnesota Statutes 2018, section 123B.143, subdivision 1, is amended to read:

Subdivision 1. **Contract; duties.** (a) All districts maintaining a classified secondary school must employ a superintendent who ~~shall be~~ must serve as an ex officio nonvoting member of the school board. The authority for selection and employment of a superintendent must be vested in the board in all cases.

(b) An individual employed by a board as a superintendent ~~shall~~ must have an initial employment contract for a period of time no longer than three years from the date of employment. Any subsequent employment contract must not exceed a period of three years. A board, at its discretion, may or may not renew an employment contract. A board must not, by action or inaction, extend the duration of an existing employment contract. Beginning 365 days prior to the expiration date of an existing employment contract, a board may negotiate and enter into a subsequent employment contract to take effect upon the expiration of the existing contract. A subsequent contract must be contingent upon the employee completing the terms of an existing contract. If a contract between a board and a superintendent is terminated prior to the date specified in the contract, the board may not enter into another superintendent contract with that same individual that has a term that extends beyond the date specified in the terminated contract.

(c) A board may terminate a superintendent during the term of an employment contract for any of the grounds specified in section 122A.40, subdivision 9 or 13. A superintendent ~~shall~~ must not rely upon an employment contract with a board to assert any other continuing contract rights in the position of superintendent under section 122A.40. Notwithstanding the provisions of sections 122A.40, subdivision 10 or 11, 123A.32, 123A.75, or any other law to the contrary, no individual ~~shall have~~ has a right to employment as a superintendent based on order of employment in any district.

(d) If two or more districts enter into an agreement for the purchase or sharing of the services of a superintendent, the contracting districts have the absolute right to select one of the individuals employed to serve as superintendent in one of the contracting districts and no individual has a right to employment as the superintendent to provide all or part of the services based on order of employment in a contracting district.

(e) The superintendent of a district ~~shall~~ must perform the following:

(1) visit and supervise the schools in the district, report and make recommendations about their condition when advisable or on request by the board;

(2) recommend to the board employment and dismissal of teachers;

(3) annually evaluate each school principal assigned responsibility for supervising a school building within the district, consistent with section 123B.147, subdivision 3, paragraph (b);

(4) superintend school grading practices and examinations for promotions;

(5) make reports required by the commissioner; and

(6) perform other duties prescribed by the board.

Sec. 9. Minnesota Statutes 2018, section 123B.41, subdivision 2, is amended to read:

Subd. 2. **Textbook.** (a) "Textbook" means any book or book substitute, including electronic books as well as other printed materials delivered electronically, which a pupil uses as a text or text substitute in a particular class or program in the school regularly attended and a copy of which is expected to be available for the individual use of each pupil in this class or program. Textbook includes an online book with an annual subscription cost. Textbook



includes a teacher's edition, teacher's guide, or other materials that accompany a textbook that a pupil uses when the teacher's edition, teacher's guide, or other teacher materials are packaged physically or electronically with textbooks for student use.

(b) For purposes of calculating the annual nonpublic pupil aid entitlement for textbooks, the term shall be limited to books, workbooks, or manuals, whether bound or in loose-leaf form, as well as electronic books and other printed materials delivered electronically, intended for use as a principal source of study material for a given class or a group of students.

(c) For purposes of sections 123B.40 to 123B.48, the terms "textbook" and "software or other educational technology" include only such secular, neutral, and nonideological materials as are available, used by, or of benefit to Minnesota public school pupils.

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

Sec. 10. Minnesota Statutes 2018, section 123B.41, subdivision 5, is amended to read:

Subd. 5. **Individualized instructional or cooperative learning materials.** (a) "Individualized instructional or cooperative learning materials" means educational materials which:

(a) (1) are designed primarily for individual pupil use or use by pupils in a cooperative learning group in a particular class or program in the school the pupil regularly attends, including teacher materials that accompany materials that a pupil uses;

(b) (2) are secular, neutral, nonideological and not capable of diversion for religious use; and

(c) (3) are available, used by, or of benefit to Minnesota public school pupils.

(b) Subject to the requirements in ~~clauses (a), (b), and (c)~~ paragraph (a), "individualized instructional or cooperative learning materials" include, but are not limited to, the following if they do not fall within the definition of "textbook" in subdivision 2: published materials; periodicals; documents; pamphlets; photographs; reproductions; pictorial or graphic works; prerecorded video programs; prerecorded tapes, cassettes and other sound recordings; manipulative materials; desk charts; games; study prints and pictures; desk maps; models; learning kits; blocks or cubes; flash cards; individualized multimedia systems; prepared instructional computer software programs; choral and band sheet music; electronic books and other printed materials delivered electronically; and CD-Rom.

(c) "Individualized instructional or cooperative learning materials" do not include instructional equipment, instructional hardware, or ordinary daily consumable classroom supplies.

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

Sec. 11. Minnesota Statutes 2018, section 123B.42, subdivision 3, is amended to read:

Subd. 3. **Cost; limitation.** (a) The cost per pupil of the textbooks, individualized instructional or cooperative learning materials, software or other educational technology, and standardized tests provided for in this section for each school year must not exceed the statewide average expenditure per pupil, adjusted pursuant to ~~clause paragraph~~ (b), by the Minnesota public elementary and secondary schools for textbooks, individualized instructional materials and standardized tests as computed and established by the department by February 1 of the preceding school year from the most recent public school year data then available.

(b) The cost computed in ~~clause paragraph~~ (a) shall be increased by an inflation adjustment equal to the percent of increase in the formula allowance, pursuant to section 126C.10, subdivision 2, from the second preceding school year to the current school year. ~~Notwithstanding the amount of the formula allowance for fiscal years 2015 and 2016 in section 126C.10, subdivision 2, the commissioner shall use the amount of the formula allowance for the current year minus \$414 in determining the inflation adjustment for fiscal years 2015 and 2016.~~

(c) The commissioner shall allot to the districts or intermediary service areas the total cost for each school year of providing or loaning the textbooks, individualized instructional or cooperative learning materials, software or other educational technology, and standardized tests for the pupils in each nonpublic school. The allotment shall not exceed the product of the statewide average expenditure per pupil, according to ~~clause paragraph~~ (a), adjusted pursuant to ~~clause paragraph~~ (b), multiplied by the number of nonpublic school pupils who make requests pursuant to this section and who are enrolled as of September 15 of the current school year.

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

Sec. 12. Minnesota Statutes 2018, section 123B.49, subdivision 4, is amended to read:

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

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

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

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

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

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

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

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

(e) A school district must reserve revenue raised for extracurricular activities and spend the revenue only for extracurricular activities.

**EFFECTIVE DATE.** This section is effective for fiscal year 2020 and later.

Sec. 13. Minnesota Statutes 2018, section 124D.4531, is amended to read:

**124D.4531 CAREER AND TECHNICAL REVENUE.**

Subdivision 1. **Career and technical revenue.** (a) A district with a career and technical program approved under this section for the fiscal year in which the levy is certified is eligible for career and technical revenue equal to ~~35~~ 50 percent of approved expenditures in the fiscal year in which the levy is certified for the following:

(1) salaries paid to essential, licensed personnel providing direct instructional services to students in that fiscal year, including extended contracts, for services rendered in the district's approved career and technical education programs, excluding salaries reimbursed by another school district under clause (2);

(2) amounts paid to another Minnesota school district for salaries of essential, licensed personnel providing direct instructional services to students in that fiscal year for services rendered in the district's approved career and technical education programs;

(3) contracted services provided by a public or private agency other than a Minnesota school district or cooperative center under chapter 123A or 136D;

(4) necessary travel between instructional sites by licensed career and technical education personnel;

(5) necessary travel by licensed career and technical education personnel for vocational student organization activities held within the state for instructional purposes;

(6) curriculum development activities that are part of a five-year plan for improvement based on program assessment;

(7) necessary travel by licensed career and technical education personnel for noncollegiate credit-bearing professional development; and

(8) specialized vocational instructional supplies.

(b) The district must recognize the full amount of this levy as revenue for the fiscal year in which it is certified.

~~(c) The amount of the revenue calculated under this subdivision may not exceed \$17,850,000 for taxes payable in 2012, \$15,520,000 for taxes payable in 2013, and \$20,657,000 for taxes payable in 2014.~~

~~(d) If the estimated revenue exceeds the amount in paragraph (c), the commissioner must reduce the percentage in paragraph (a) until the estimated revenue no longer exceeds the limit in paragraph (c).~~

Subd. 1a. **Career and technical levy.** ~~(a) For fiscal year 2014 only, a district may levy an amount not more than the product of its career and technical revenue times the lesser of one or the ratio of its adjusted net tax capacity per adjusted pupil unit in the fiscal year in which the levy is certified to the career and technical revenue equalizing factor. The career and technical revenue equalizing factor for fiscal year 2014 equals \$7,612.~~

~~(b) For fiscal year 2015 and later, A district may levy an amount not more than the product of its career and technical revenue times the lesser of one or the ratio of its adjusted net tax capacity per adjusted pupil unit in the fiscal year in which the levy is certified to the career and technical revenue equalizing factor. The career and technical revenue equalizing factor for fiscal year 2015 and later equals \$7,612~~ \$13,575.

Subd. 1b. **Career and technical aid.** ~~For fiscal year 2014 and later, A district's career and technical aid equals its career and technical revenue less its career and technical levy. If the district levy is less than the permitted levy, the district's career and technical aid shall be reduced proportionately.~~

Subd. 2. **Allocation from cooperative centers and intermediate districts.** For purposes of this section, a cooperative center or an intermediate district must allocate its approved expenditures for career and technical education programs among participating districts.

Subd. 3. **Revenue guarantee.** Notwithstanding subdivision 1, paragraph (a), the career and technical education revenue for a district is not less than the lesser of:

- (1) the district's career and technical education revenue for the previous fiscal year; or
- (2) 100 percent of the approved expenditures for career and technical programs included in subdivision 1, paragraph (a), for the fiscal year in which the levy is certified.

~~Subd. 3a. **Revenue adjustments.** Notwithstanding subdivisions 1, 1a, and 3, for taxes payable in 2012 to 2014 only, the department must calculate the career and technical revenue for each district according to Minnesota Statutes 2010, section 124D.4531, and adjust the revenue for each district proportionately to meet the statewide revenue target under subdivision 1, paragraph (c). For purposes of calculating the revenue guarantee under subdivision 3, the career and technical education revenue for the previous fiscal year is the revenue according to Minnesota Statutes 2010, section 124D.4531, before adjustments to meet the statewide revenue target.~~

Subd. 4. **District reports.** Each district or cooperative center must report data to the department for all career and technical education programs as required by the department to implement the career and technical revenue formula.

Subd. 5. **Allocation from districts participating in agreements for secondary education or interdistrict cooperation.** For purposes of this section, a district with a career and technical program approved under this section that participates in an agreement under section 123A.30 or 123A.32 must allocate its revenue authority under this section among participating districts.

**EFFECTIVE DATE.** This section is effective for fiscal year 2021 and later.

Sec. 14. Minnesota Statutes 2018, section 124D.65, subdivision 5, is amended to read:

Subd. 5. **School district EL English learner program revenue.** (a) A district's English learner programs revenue equals the product of (1) ~~\$704~~ \$740 times (2) the greater of 20 or the adjusted average daily membership of eligible English learners enrolled in the district during the current fiscal year.

(b) A pupil ceases to generate state English learner aid in the school year following the school year in which the pupil attains the state cutoff score on a commissioner-provided assessment that measures the pupil's emerging academic English.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2020 and later.

Sec. 15. Minnesota Statutes 2018, section 124E.20, subdivision 1, is amended to read:

Subdivision 1. **Revenue calculation.** (a) General education revenue must be paid to a charter school as though it were a district. The general education revenue for each adjusted pupil unit is the state average general education revenue per pupil unit, plus the referendum equalization aid allowance and first tier local optional aid allowance in the pupil's district of residence, minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0466, calculated without declining enrollment revenue, local optional revenue, basic skills revenue, extended time revenue, pension adjustment revenue, transition revenue, and transportation sparsity revenue, plus declining enrollment revenue, basic skills revenue, pension adjustment revenue, and transition revenue as though the school were a school district.

(b) For a charter school operating an extended day, extended week, or summer program, the general education revenue in paragraph (a) is increased by an amount equal to 25 percent of the statewide average extended time revenue per adjusted pupil unit.

(c) Notwithstanding paragraph (a), the general education revenue for an eligible special education charter school as defined in section 124E.21, subdivision 2, equals the sum of the amount determined under paragraph (a) and the school's unreimbursed cost as defined in section 124E.21, subdivision 2, for educating students not eligible for special education services.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2021 and later.

Sec. 16. Minnesota Statutes 2018, section 126C.10, subdivision 2, is amended to read:

Subd. 2. **Basic revenue.** The basic revenue for each district equals the formula allowance times the adjusted pupil units for the school year. ~~The formula allowance for fiscal year 2017 is \$6,067. The formula allowance for fiscal year 2018 is \$6,188.~~ The formula allowance for fiscal year 2019 ~~and later~~ is \$6,312. The formula allowance for fiscal year 2020 is \$6,501. The formula allowance for fiscal year 2021 and later is \$6,631.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2020 and later.

Sec. 17. Minnesota Statutes 2018, section 126C.10, subdivision 2d, is amended to read:

Subd. 2d. **Declining enrollment revenue.** (a) A school district's declining enrollment revenue equals the greater of zero or the product of: (1) 28 percent of the formula allowance for that year and (2) the difference between the adjusted pupil units for the preceding year and the adjusted pupil units for the current year.

(b) Notwithstanding paragraph (a), for fiscal years 2015, 2016, and 2017 only, a pupil enrolled at the Crosswinds school shall not generate declining enrollment revenue for the district or charter school in which the pupil was last counted in average daily membership.

(c) Notwithstanding paragraph (a), for fiscal years 2017, 2018, and 2019 only, prekindergarten pupil units under section 126C.05, subdivision 1, paragraph ~~(d)~~ (c), must be excluded from the calculation of declining enrollment revenue.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2020 and later.

Sec. 18. Minnesota Statutes 2018, section 126C.10, subdivision 2e, is amended to read:

Subd. 2e. **Local optional revenue.** (a) For fiscal year 2020, local optional revenue for a school district equals \$424 times the adjusted pupil units of the district for that school year. For fiscal year 2021 and later, local optional revenue for a school district equals the sum of the district's first tier local optional revenue and second tier local

optional revenue. A district's first tier local optional revenue equals \$300 times the adjusted pupil units of the district for that school year. A district's second tier local optional revenue equals \$424 times the adjusted pupil units of the district for that school year.

(b) For fiscal year 2020, a district's local optional levy equals its local optional revenue times the lesser of one or the ratio of its referendum market value per resident pupil unit to \$510,000. For fiscal year 2021 and later, a district's local optional levy equals the sum of the first tier local optional levy and the second tier local optional levy. A district's first tier local optional levy equals the district's first tier local optional revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to \$880,000. A district's second tier local optional levy equals the district's second tier local optional revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to \$510,000. The local optional ~~revenue~~ levy must be spread on referendum market value. A district may levy less than the permitted amount.

(c) A district's local optional aid equals its local optional revenue ~~less~~ minus its local optional levy, times the ratio of the actual amount levied to the permitted levy. If a district's actual levy for first or second tier local optional revenue is less than its maximum levy limit for that tier, its aid must be proportionately reduced.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2021 and later.

Sec. 19. Minnesota Statutes 2018, section 126C.10, subdivision 3, is amended to read:

Subd. 3. **Compensatory education revenue.** (a) The compensatory education revenue for each building in the district equals the formula allowance minus \$839 times the compensation revenue pupil units computed according to section 126C.05, subdivision 3. A district's compensatory revenue equals the sum of its compensatory revenue for each building in the district and the amounts designated under Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 8, for fiscal year 2017. Revenue shall be paid to the district and must be allocated according to section 126C.15, subdivision 2.

(b) When the district contracting with an alternative program under section 124D.69 changes prior to the start of a school year, the compensatory revenue generated by pupils attending the program shall be paid to the district contracting with the alternative program for the current school year, and shall not be paid to the district contracting with the alternative program for the prior school year.

(c) When the fiscal agent district for an area learning center changes prior to the start of a school year, the compensatory revenue shall be paid to the fiscal agent district for the current school year, and shall not be paid to the fiscal agent district for the prior school year.

~~(d) Of the amount of revenue under this subdivision, 1.7 percent for fiscal year 2018, 3.5 percent for fiscal year 2019, and for fiscal year 2020 and later, 3.5 percent plus the percentage change in the formula allowance from fiscal year 2019, must be used for extended time activities under subdivision 2a, paragraph (c).~~

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2020 and later.

Sec. 20. Minnesota Statutes 2018, section 126C.10, subdivision 13a, is amended to read:

Subd. 13a. **Operating capital levy.** To obtain operating capital revenue, a district may levy an amount not more than the product of its operating capital revenue for the fiscal year times the lesser of one or the ratio of its adjusted net tax capacity per adjusted pupil unit to the operating capital equalizing factor. The operating capital equalizing factor equals ~~\$15,740 for fiscal year 2017, \$20,548 for fiscal year 2018, \$24,241 for fiscal year 2019, and \$22,942~~ \$23,902 for fiscal year 2020, \$23,885 for fiscal year 2021, \$23,895 for fiscal year 2022, and \$23,974 for fiscal year 2023 and later.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2020 and later.

Sec. 21. Minnesota Statutes 2018, section 126C.10, subdivision 24, is amended to read:

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

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

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

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

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

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

~~(e) (d)~~ A school district's equity revenue for a school district located in the metro equity region equals the amount computed in paragraphs (b); and (c); ~~and (d)~~ multiplied by 1.25.

~~(f) For fiscal years 2017, 2018, and 2019 for a school district not included in paragraph (e), a district's equity revenue equals the amount computed in paragraphs (b), (c), and (d) multiplied by 1.16. (e) For fiscal year 2020 and later for a school district not included in paragraph (e) (d), a district's equity revenue equals the amount computed in paragraphs (b); and (c); ~~and (d)~~ multiplied by 1.25.~~

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

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2021 and later.

Sec. 22. Minnesota Statutes 2018, section 126C.126, is amended to read:

**126C.126 USE OF GENERAL EDUCATION REVENUE FOR ~~ALL-DAY~~ KINDERGARTEN AND PREKINDERGARTEN.**

A school district may spend general education revenue on extended time kindergarten and prekindergarten programs. At the school board's discretion, the district may use revenue generated by the ~~all-day~~ kindergarten pupil count under section 126C.05, subdivision 1, paragraph (d), to meet the needs of three- and four-year-olds in the district. ~~A school district may not use these funds on programs for three- and four-year-old children while maintaining a fee-based all-day kindergarten program.~~

**EFFECTIVE DATE.** This section is effective for the 2020-2021 school year and later.

Sec. 23. Minnesota Statutes 2018, section 126C.17, subdivision 1, is amended to read:

Subdivision 1. **Referendum allowance.** (a) A district's initial referendum allowance for fiscal year 2021 and later equals the result of the following calculations:

~~(1) multiply the referendum allowance the district would have received for fiscal year 2015 under Minnesota Statutes 2012, section 126C.17, subdivision 1, based on elections held before July 1, 2013, by the resident marginal cost pupil units the district would have counted for fiscal year 2015 under Minnesota Statutes 2012, section 126C.05;~~

~~(2) add to the result of clause (1) the adjustment the district would have received under Minnesota Statutes 2012, section 127A.47, subdivision 7, paragraphs (a), (b), and (c), based on elections held before July 1, 2013;~~

~~(3) divide the result of clause (2) by the district's adjusted pupil units for fiscal year 2015;~~

~~(4) add to the result of clause (3) any additional referendum allowance per adjusted pupil unit authorized by elections held between July 1, 2013, and December 31, 2013;~~

~~(5) add to the result in clause (4) any additional referendum allowance resulting from inflation adjustments approved by the voters prior to January 1, 2014;~~

~~(6) subtract from the result of clause (5), the sum of a district's actual local optional levy and local optional aid under section 126C.10, subdivision 2e, divided by the adjusted pupil units of the district for that school year; and~~

(1) subtract \$424 from the district's allowance under Minnesota Statutes 2018, section 126C.17, subdivision 1, paragraph (a), clause (5);

(2) if the result of clause (1) is less than zero, set the allowance to zero;

(3) add to the result in clause (2) any new referendum allowance authorized between July 1, 2013, and December 31, 2013, under Minnesota Statutes 2013, section 126C.17, subdivision 9a;

(4) add to the result in clause (3) any additional referendum allowance per adjusted pupil unit authorized between January 1, 2014, and June 30, 2019;

(5) subtract from the result in clause (4) any allowances expiring in fiscal year 2016, 2017, 2018, 2019, or 2020;

(6) subtract \$300 from the result in clause (5); and

(7) if the result of clause (6) is less than zero, set the allowance to zero.

(b) A district's referendum allowance equals the sum of the district's initial referendum allowance, plus any new referendum allowance authorized ~~between July 1, 2013, and December 31, 2013, under subdivision 9a, plus any additional referendum allowance per adjusted pupil unit authorized after December 31, 2013~~ after July 1, 2019, minus any allowances expiring in fiscal year ~~2016~~ 2021 or later, plus any inflation adjustments for fiscal year 2021 and later approved by the voters prior to July 1, 2019, provided that the allowance may not be less than zero. ~~For a district with more than one referendum allowance for fiscal year 2015 under Minnesota Statutes 2012, section 126C.17, the allowance calculated under paragraph (a), clause (3), must be divided into components such that the same percentage of the district's allowance expires at the same time as the old allowances would have expired under~~



~~Minnesota Statutes 2012, section 126C.17.~~ For a district with more than one allowance for fiscal year 2015 that expires in the same year, the reduction under paragraph (a), ~~clause clauses (1) and (6), to offset local optional revenue~~ shall be made first from any allowances that do not have an inflation adjustment approved by the voters.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2021 and later.

Sec. 24. Minnesota Statutes 2018, section 126C.17, subdivision 2, is amended to read:

Subd. 2. **Referendum allowance limit.** (a) Notwithstanding subdivision 1, for fiscal year ~~2015~~ 2021 and later, a district's referendum allowance must not exceed ~~the annual inflationary increase as calculated under paragraph (b) times the greatest greater of:~~

(1) ~~\$1,845~~ the product of the annual inflationary increase as calculated under paragraph (b), and \$2,079.50, minus \$300;

(2) the product of the annual inflationary increase as calculated under paragraph (b), and the sum of the referendum revenue the district would have received for fiscal year 2015 under Minnesota Statutes 2012, section 126C.17, subdivision 4, based on elections held before July 1, 2013, and the adjustment the district would have received under Minnesota Statutes 2012, section 127A.47, subdivision 7, paragraphs (a), (b), and (c), based on elections held before July 1, 2013, divided by the district's adjusted pupil units for fiscal year 2015, minus \$300;

(3) ~~the product of the referendum allowance limit the district would have received for fiscal year 2015 under Minnesota Statutes 2012, section 126C.17, subdivision 2, and the resident marginal cost pupil units the district would have received for fiscal year 2015 under Minnesota Statutes 2012, section 126C.05, subdivision 6, plus the adjustment the district would have received under Minnesota Statutes 2012, section 127A.47, subdivision 7, paragraphs (a), (b), and (c), based on elections held before July 1, 2013, divided by the district's adjusted pupil units for fiscal year 2015; minus \$424 for a newly reorganized district created on July 1, 2020, the referendum revenue authority for each reorganizing district in the year preceding reorganization divided by its adjusted pupil units for the year preceding reorganization, minus \$300; or~~

(4) for a newly reorganized district created after July 1, ~~2013~~ 2021, the referendum revenue authority for each reorganizing district in the year preceding reorganization divided by its adjusted pupil units for the year preceding reorganization.

(b) For purposes of this subdivision, for fiscal year ~~2016~~ 2022 and later, "inflationary increase" means one plus the percentage change in the Consumer Price Index for urban consumers, as prepared by the United States Bureau of Labor Standards Statistics, for the current fiscal year to fiscal year ~~2015~~. ~~For fiscal year 2016 and later, for purposes of paragraph (a), clause (3), the inflationary increase equals one-fourth of the percentage increase in the formula allowance for that year compared with the formula allowance for fiscal year 2015~~ 2021.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2021 and later.

Sec. 25. Minnesota Statutes 2018, section 126C.17, subdivision 5, is amended to read:

Subd. 5. **Referendum equalization revenue.** (a) A district's referendum equalization revenue equals the sum of the first tier referendum equalization revenue and the second tier referendum equalization revenue, ~~and the third tier referendum equalization revenue.~~

(b) A district's first tier referendum equalization revenue equals the district's first tier referendum equalization allowance times the district's adjusted pupil units for that year.

(c) A district's first tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or ~~\$300~~ \$460.

(d) A district's second tier referendum equalization revenue equals the district's second tier referendum equalization allowance times the district's adjusted pupil units for that year.

(e) A district's second tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or ~~\$760, minus the district's first tier referendum equalization allowance.~~

~~(f) A district's third tier referendum equalization revenue equals the district's third tier referendum equalization allowance times the district's adjusted pupil units for that year.~~

~~(g) A district's third tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or 25 percent of the formula allowance, minus the sum of \$300 and the district's first tier referendum equalization allowance and second tier referendum equalization allowance.~~

~~(h) (f)~~ Notwithstanding paragraph ~~(g)~~ (e), the ~~third~~ second tier referendum allowance for a district qualifying for secondary sparsity revenue under section 126C.10, subdivision 7, or elementary sparsity revenue under section 126C.10, subdivision 8, equals the district's referendum allowance under subdivision 1 minus the ~~sum of the~~ district's first tier referendum equalization allowance ~~and second tier referendum equalization allowance.~~

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2021 and later.

Sec. 26. Minnesota Statutes 2018, section 126C.17, subdivision 6, is amended to read:

Subd. 6. **Referendum equalization levy.** (a) A district's referendum equalization levy equals the sum of the first tier referendum equalization levy; and the second tier referendum equalization levy; ~~and the third tier referendum equalization levy.~~

(b) A district's first tier referendum equalization levy equals the district's first tier referendum equalization revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to ~~\$880,000~~ \$650,000.

(c) A district's second tier referendum equalization levy equals the district's second tier referendum equalization revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to ~~\$510,000~~ \$290,000.

~~(d) A district's third tier referendum equalization levy equals the district's third tier referendum equalization revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to \$290,000.~~

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2021 and later.

Sec. 27. Minnesota Statutes 2018, section 126C.17, subdivision 7, is amended to read:

Subd. 7. **Referendum equalization aid.** (a) A district's referendum equalization aid equals the difference between its referendum equalization revenue and levy.

(b) If a district's actual levy for first, second, or third tier referendum equalization revenue is less than its maximum levy limit for that tier, aid shall be proportionately reduced.

(c) Notwithstanding paragraph (a), the referendum equalization aid for a district, ~~where the referendum equalization aid under paragraph (a) exceeds 90 percent of the referendum revenue,~~ must not exceed: (1) 25 percent of the formula allowance minus \$300; times (2) the district's adjusted pupil units. A district's referendum levy is increased by the amount of any reduction in referendum aid under this paragraph.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2021 and later.

Sec. 28. Minnesota Statutes 2018, section 126C.17, subdivision 7a, is amended to read:

Subd. 7a. **Referendum tax base replacement aid.** For each school district that had a referendum allowance for fiscal year 2002 exceeding \$415, for each separately authorized referendum levy, the commissioner of revenue, in consultation with the commissioner of education, shall certify the amount of the referendum levy in taxes payable year 2001 attributable to the portion of the referendum allowance exceeding \$415 levied against property classified as class 2, noncommercial 4c(1), or 4c(4), under section 273.13, excluding the portion of the tax paid by the portion of class 2a property consisting of the house, garage, and surrounding one acre of land. The resulting amount must be used to reduce the district's referendum levy or first tier local optional levy amount otherwise determined, and must be paid to the district each year that the referendum or first tier local optional authority remains in effect, is renewed, or new referendum authority is approved. The aid payable under this subdivision must be subtracted from the district's referendum equalization aid under subdivision 7. The referendum equalization aid and the first tier local optional aid after the subtraction must not be less than zero.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2021 and later.

Sec. 29. Minnesota Statutes 2018, section 126C.17, subdivision 9, is amended to read:

Subd. 9. **Referendum revenue.** (a) The revenue authorized by section 126C.10, subdivision 1, may be increased in the amount approved by the voters of the district at a referendum called for the purpose. The referendum may be called by the board. The referendum must be conducted one or two calendar years before the increased levy authority, if approved, first becomes payable. Only one election to approve an increase may be held in a calendar year. Unless the referendum is conducted by mail under subdivision 11, paragraph (a), the referendum must be held on the first Tuesday after the first Monday in November. The ballot must state the maximum amount of the increased revenue per adjusted pupil unit. The ballot may state a schedule, determined by the board, of increased revenue per adjusted pupil unit that differs from year to year over the number of years for which the increased revenue is authorized or may state that the amount shall increase annually by the rate of inflation. For this purpose, the rate of inflation shall be the annual inflationary increase calculated under subdivision 2, paragraph (b). The ballot may state that existing referendum levy authority is expiring. In this case, the ballot may also compare the proposed levy authority to the existing expiring levy authority, and express the proposed increase as the amount, if any, over the expiring referendum levy authority. The ballot must designate the specific number of years, not to exceed ten, for which the referendum authorization applies, and may state that the referendum may be renewed by school board resolution subject to a reverse referendum. The ballot, including a ballot on the question to revoke or reduce the increased revenue amount under paragraph (c), must abbreviate the term "per adjusted pupil unit" as "per pupil." The notice required under section 275.60 may be modified to read, in cases of renewing existing levies at the same amount per pupil as in the previous year:

"BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING TO EXTEND AN EXISTING PROPERTY TAX REFERENDUM THAT IS SCHEDULED TO EXPIRE."

The ballot may contain a textual portion with the information required in this subdivision and a question stating substantially the following:

"Shall the increase in the revenue proposed by (petition to) the board of ....., School District No. ..., be approved?"

If approved, an amount equal to the approved revenue per adjusted pupil unit times the adjusted pupil units for the school year beginning in the year after the levy is certified shall be authorized for certification for the number of years approved, if applicable, or until revoked or reduced by the voters of the district at a subsequent referendum.

(b) The board must deliver by mail at least 15 days but no more than 30 days before the day of the referendum to each taxpayer a notice of the referendum and the proposed revenue increase. The board need not mail more than one notice to any taxpayer. For the purpose of giving mailed notice under this subdivision, owners must be those shown to be owners on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer. Every property owner whose name does not appear on the records of the county auditor or the county treasurer is deemed to have waived this mailed notice unless the owner has requested in writing that the county auditor or county treasurer, as the case may be, include the name on the records for this purpose. The notice must project the anticipated amount of tax increase in annual dollars for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the school district.

The notice for a referendum may state that an existing referendum levy is expiring and project the anticipated amount of increase over the existing referendum levy in the first year, if any, in annual dollars for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the district.

The notice must include the following statement: "Passage of this referendum will result in an increase in your property taxes." However, in cases of renewing existing levies, the notice may include the following statement: "Passage of this referendum extends an existing operating referendum at the same amount per pupil as in the previous year."

(c) A referendum on the question of revoking or reducing the increased revenue amount authorized pursuant to paragraph (a) may be called by the board. A referendum to revoke or reduce the revenue amount must state the amount per adjusted pupil unit by which the authority is to be reduced. Revenue authority approved by the voters of the district pursuant to paragraph (a) must be available to the school district at least once before it is subject to a referendum on its revocation or reduction for subsequent years. Only one revocation or reduction referendum may be held to revoke or reduce referendum revenue for any specific year and for years thereafter.

(d) The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this subdivision.

(e) At least 15 days before the day of the referendum, the district must submit a copy of the notice required under paragraph (b) to the commissioner and to the county auditor of each county in which the district is located. Within 15 days after the results of the referendum have been certified by the board, or in the case of a recount, the certification of the results of the recount by the canvassing board, the district must notify the commissioner of the results of the referendum.

Sec. 30. Minnesota Statutes 2018, section 126C.17, is amended by adding a subdivision to read:

**Subd. 9b. Renewal by school board.** (a) Notwithstanding the election requirements of subdivision 9, a school board may renew an expiring referendum approved by the voters after July 1, 2019, by board action if:

(1) the ballot for the expiring referendum included a statement that the referendum may be renewed by school board resolution subject to a reverse referendum;

(2) the per-pupil amount of the referendum is the same as the amount expiring or, for an expiring referendum that was adjusted annually by the rate of inflation, the same as the per-pupil amount of the expiring referendum, adjusted annually for inflation in the same manner as if the expiring referendum had continued;

(3) the term of the renewed referendum is no longer than the initial term approved by the voters; and

(4) the school board has adopted a written resolution authorizing the renewal after holding a meeting and allowing public testimony on the proposed renewal.

(b) The resolution must be adopted by the school board by June 15 and becomes effective 60 days after its adoption.

(c) A referendum expires at the end of the last fiscal year in which the referendum generates revenue for the school district. A school board may renew an expiring referendum under this subdivision not more than two fiscal years before the referendum expires.

(d) A district renewing an expiring referendum under this subdivision must submit a copy of the adopted resolution to the commissioner and to the county auditor no later than September 1 of the calendar year in which the levy is certified.

Sec. 31. Minnesota Statutes 2018, section 126C.17, is amended by adding a subdivision to read:

Subd. 14. **Reverse referendum.** (a) For purposes of this subdivision, "board-renewed referendum authority" means referendum authority renewed by the school board.

(b) A referendum on the question of revoking board-renewed referendum authority under subdivision 9b shall be called by the board upon written petition of qualified voters of the district. A referendum to revoke a district's board-renewed referendum authority must state the authority to be revoked in total and per pupil unit. A revocation referendum may be held to revoke board-renewed referendum authority for the subsequent fiscal year and for years thereafter.

(c) A petition authorized by this subdivision is effective if:

(1) signed by more than 25 percent of the registered voters of the district on the day the petition is filed with the board; and

(2) filed with the board by June 1 of that year.

A referendum invoked by petition must be held on the date required in subdivision 9.

(d) The approval of more than 50 percent of those voting on the question is required to revoke board-renewed referendum authority.

Sec. 32. **[127A.20] EVIDENCE-BASED EDUCATION GRANTS.**

Subdivision 1. **Purpose and applicability.** The purpose of this section is to create a process to describe, measure, and report on the effectiveness of any prekindergarten through grade 12 grant programs funded in whole or in part through funds appropriated by the legislature to the commissioner of education for grants to organizations. The evidence-based evaluation required by this section applies to all grants awarded by the commissioner of education on or after July 1, 2019.

Subd. 2. **Goals.** Each applicant for a grant awarded by the commissioner of education must include in the grant application a statement of the goals of the grant. To the extent practicable, the goals must be aligned to the state's world's best workforce and the federally required Every Student Succeeds Act accountability systems.

Subd. 3. **Strategies and data.** Each applicant must include in the grant application a description of the strategies that will be used to meet the goals specified in the application. The applicant must also include a plan to collect data to measure the effectiveness of the strategies outlined in the grant application.

Subd. 4. **Reporting.** Within 180 days of the end of the grant period, each grant recipient must compile a report that describes the data that was collected and evaluate the effectiveness of the strategies. The evidence-based report may identify or propose alternative strategies based on the results of the data. The report must be submitted to the commissioner of education and to the chairs and ranking minority members of the legislative committees with jurisdiction over prekindergarten through grade 12 education. The report must be filed with the Legislative Reference Library according to section 3.195.

Subd. 5. **Grant defined.** For purposes of this section, a grant means money appropriated from the state general fund to the commissioner of education for distribution to the grant recipients.

**EFFECTIVE DATE.** This section is effective July 1, 2019.

Sec. 33. Minnesota Statutes 2018, section 127A.45, subdivision 13, is amended to read:

Subd. 13. **Aid payment percentage.** (a) Except as provided in subdivisions 11, 12, 12a, and 14, each fiscal year, all education aids and credits in this chapter and chapters 120A, 120B, 121A, 122A, 123A, 123B, 124D, 124E, 125A, 125B, 126C, 134, and section 273.1392, shall be paid at the current year aid payment percentage of the estimated entitlement during the fiscal year of the entitlement.

(b) For the purposes of this subdivision, a district's estimated entitlement for special education aid under section 125A.76 ~~for fiscal year 2014 and later~~ equals 97.4 percent of the district's entitlement for the current fiscal year.

(c) The final adjustment payment, according to subdivision 9, must be the amount of the actual entitlement, after adjustment for actual data, minus the payments made during the fiscal year of the entitlement.

**EFFECTIVE DATE.** This section is effective July 1, 2019.

Sec. 34. Minnesota Statutes 2018, section 127A.49, subdivision 2, is amended to read:

Subd. 2. **Abatements.** Whenever by virtue of chapter 278, sections 270C.86, 375.192, or otherwise, the net tax capacity or referendum market value of any district for any taxable year is changed after the taxes for that year have been spread by the county auditor and the local tax rate as determined by the county auditor based upon the original net tax capacity is applied upon the changed net tax capacities, the county auditor ~~shall~~ **must**, prior to February 1 of each year, certify to the commissioner of education the amount of any resulting net revenue loss that accrued to the district during the preceding year. Each year, the commissioner ~~shall~~ **must** pay an abatement adjustment to the district in an amount calculated according to the provisions of this subdivision. This amount ~~shall~~ **must** be deducted from the amount of the levy authorized by section 126C.46. The amount of the abatement adjustment must be the product of:

(1) the net revenue loss as certified by the county auditor, times

(2) the ratio of:

(i) the sum of the amounts of the district's certified levy in the third preceding year according to the following:

(A) section ~~123B.57~~ 123B.595, if the district received ~~health and safety~~ long-term facilities maintenance aid according to that section for the second preceding year;

(B) section 124D.20, if the district received aid for community education programs according to that section for the second preceding year;

(C) section 124D.135, subdivision 3, if the district received early childhood family education aid according to section 124D.135 for the second preceding year;

(D) section 126C.17, subdivision 6, if the district received referendum equalization aid according to that section for the second preceding year;

(E) section 126C.10, subdivision 13a, if the district received operating capital aid according to section 126C.10, subdivision 13b, in the second preceding year;

(F) section 126C.10, subdivision 29, if the district received equity aid according to section 126C.10, subdivision 30, in the second preceding year;

(G) section 126C.10, subdivision 32, if the district received transition aid according to section 126C.10, subdivision 33, in the second preceding year;

(H) section 123B.53, subdivision 5, if the district received debt service equalization aid according to section 123B.53, subdivision 6, in the second preceding year;

(I) section 123B.535, subdivision 4, if the district received natural disaster debt service equalization aid according to section 123B.535, subdivision 5, in the second preceding year;

(J) section 124D.22, subdivision 3, if the district received school-age care aid according to section 124D.22, subdivision 4, in the second preceding year;

(K) section ~~123B.591, subdivision 3~~ 126C.10, subdivision 2e, paragraph (b), if the district received ~~deferred maintenance~~ local optional aid according to section ~~123B.591, subdivision 4~~ 126C.10, subdivision 2e, paragraph (c), in the second preceding year; and

(L) section 122A.415, subdivision 5, if the district received alternative teacher compensation equalization aid according to section 122A.415, subdivision 6, paragraph (a), in the second preceding year; to

(ii) the total amount of the district's certified levy in the third preceding December, plus or minus auditor's adjustments.

Sec. 35. Minnesota Statutes 2018, section 257.0725, is amended to read:

**257.0725 ANNUAL REPORT.**

The commissioner of human services shall publish an annual report on child maltreatment and on children in out-of-home placement. The commissioner shall confer with counties, child welfare organizations, child advocacy organizations, the courts, and other groups on how to improve the content and utility of the department's annual report. In regard to child maltreatment, the report shall include the number and kinds of maltreatment reports received and any other data that the commissioner determines is appropriate to include in a report on child

maltreatment. In regard to children in out-of-home placement, the report shall include, by county and statewide, information on legal status, living arrangement, age, sex, race, accumulated length of time in placement, reason for most recent placement, race of family with whom placed, school enrollments within seven days of placement pursuant to section 120A.21, and other information deemed appropriate on all children in out-of-home placement. Out-of-home placement includes placement in any facility by an authorized child-placing agency.

Sec. 36. **SCHOOL START DATE FOR THE 2020-2021 AND 2021-2022 SCHOOL YEARS ONLY.**

Notwithstanding Minnesota Statutes, section 120A.40, or any other law to the contrary, for the 2020-2021 school year only, school districts may begin the school year on August 31, and for the 2021-2022 school year only, school districts may begin the school year on August 30.

Sec. 37. **PUPIL TRANSPORTATION WORKING GROUP.**

Subdivision 1. Duties. (a) A working group on pupil transportation is created to review pupil transportation and transportation efficiencies in Minnesota, to consult with stakeholders, and to submit a written report to the legislature recommending policy and formula changes. The pupil transportation working group must examine and consider:

(1) how school districts, charter schools, intermediate school districts, special education cooperatives, education districts, and service cooperatives deliver pupil transportation services and the costs associated with each model;

(2) relevant state laws and rules;

(3) trends in pupil transportation services;

(4) strategies or programs that would be effective in funding necessary pupil transportation services; and

(5) the effect of the elimination of categorical funding for pupil transportation services.

(b) In making its recommendations, the pupil transportation working group must consider a ten-year strategic plan informed by the policy findings in paragraph (a) to help make pupil transportation funding more fair.

Subd. 2. Members. (a) By June 1, 2019, the executive director of each of the following organizations must appoint one representative of that organization to serve as a member of the working group:

(1) Minnesota School Boards Association;

(2) Minnesota Association of Charter Schools;

(3) Education Minnesota;

(4) Minnesota Rural Education Association;

(5) Association of Metropolitan School Districts;

(6) Minnesota Association for Pupil Transportation;

(7) Minnesota School Bus Operators Association;

(8) Minnesota Association of School Administrators;



(9) Minnesota Association of School Business Officials;

(10) Schools for Equity in Education;

(11) Service Employees International Union Local 284;

(12) Minnesota Association of Secondary School Principals;

(13) Minnesota Administrators of Special Education; and

(14) Minnesota Transportation Alliance.

(b) The commissioner of education must solicit applications for membership in the working group. By June 25, 2019, the commissioner must designate from the applicants the following to serve as members of the working group:

(1) a representative from an intermediate school district;

(2) a representative from a special education cooperative, education district, or service cooperative;

(3) a representative from a school district in a city of the first class;

(4) a representative from a school district in a first tier suburb;

(5) a representative from a rural school district; and

(6) a representative from a statewide nonprofit advocacy organization serving students with disabilities and their parents.

Subd. 3. **Meetings.** The commissioner of education, or the commissioner's designee, must convene the first meeting of the working group no later than July 15, 2019. The working group must select a chair or cochairs from among its members at the first meeting. The working group must meet periodically. Meetings of the working group are subject to Minnesota Statutes, chapter 13D.

Subd. 4. **Compensation.** Working group members are not eligible to receive expenses or per diem payments for serving on the working group.

Subd. 5. **Administrative support.** The commissioner of education must provide technical and administrative assistance to the working group upon request.

Subd. 6. **Report.** (a) By January 15, 2020, the working group must submit a report providing its findings and recommendations to the chairs and ranking minority members of the legislative committees with jurisdiction over kindergarten through grade 12 education.

(b) At its 2020 annual session, the legislature is encouraged to convene a legislative study group to review the recommendations and ten-year strategic plan to develop its own recommendations for legislative changes, as necessary.

Subd. 7. **Expiration.** The working group expires upon submission of the report required in subdivision 6.

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

Sec. 38. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

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

<u>\$7,446,529,000</u>	.....	<u>2020</u>
<u>\$7,660,500,000</u>	.....	<u>2021</u>

The 2020 appropriation includes \$700,383,000 for 2019 and \$6,746,146,000 for 2020.

The 2021 appropriation includes \$749,571,000 for 2020 and \$6,910,929,000 for 2021.

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

<u>\$24,000</u>	.....	<u>2020</u>
<u>\$26,000</u>	.....	<u>2021</u>

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

<u>\$2,897,000</u>	.....	<u>2020</u>
<u>\$2,971,000</u>	.....	<u>2021</u>

The 2020 appropriation includes \$274,000 for 2019 and \$2,623,000 for 2020.

The 2021 appropriation includes \$291,000 for 2020 and \$2,680,000 for 2021.

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

<u>\$0</u>	.....	<u>2020</u>
<u>\$270,000</u>	.....	<u>2021</u>

The 2020 appropriation includes \$0 for 2019 and \$0 for 2020.

The 2021 appropriation includes \$0 for 2020 and \$270,000 for 2021.

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

<u>\$18,135,000</u>	.....	<u>2020</u>
<u>\$18,728,000</u>	.....	<u>2021</u>

The 2020 appropriation includes \$1,806,000 for 2019 and \$16,509,000 for 2020.

The 2021 appropriation includes \$1,834,000 for 2020 and \$16,894,000 for 2021.

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

<u>\$19,649,000</u>	.....	<u>2020</u>
<u>\$19,920,000</u>	.....	<u>2021</u>

The 2020 appropriation includes \$1,961,000 for 2019 and \$17,688,000 for 2020.

The 2021 appropriation includes \$1,965,000 for 2020 and \$17,955,000 for 2021.

Subd. 8. **One-room schoolhouse.** For a grant to Independent School District No. 690, Warroad, to operate the Angle Inlet School:

<u>\$65,000</u>	.....	<u>2020</u>
<u>\$65,000</u>	.....	<u>2021</u>

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

<u>\$3,751,000</u>	.....	<u>2020</u>
<u>\$15,471,000</u>	.....	<u>2021</u>

The 2020 appropriation includes \$422,000 for 2019 and \$3,329,000 for 2020.

The 2021 appropriation includes \$369,000 for 2020 and \$15,102,000 for 2021.

Sec. 39. **REPEALER.**

Minnesota Statutes 2018, sections 126C.17, subdivision 9a; and 127A.14, are repealed.

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

## ARTICLE 2 EDUCATION EXCELLENCE

Section 1. Minnesota Statutes 2018, section 5A.03, subdivision 2, is amended to read:

Subd. 2. **Placing Minnesota students in travel abroad programs.** (a) A school district or charter school with enrolled students who participate in a foreign exchange or study or other travel abroad program or whose enrolled students participate in a foreign exchange or study or other travel abroad program under a written agreement between the district or charter school and the program provider must use a form developed by the Department of Education to annually report to the department by November 1 the following data from the previous school year:

(1) the number of Minnesota student deaths that occurred while Minnesota students were participating in the foreign exchange or study or other travel abroad program and that resulted from Minnesota students participating in the program;

(2) the number of Minnesota students hospitalized due to accidents and the illnesses that occurred while Minnesota students were participating in the foreign exchange or study or other travel abroad program and that resulted from Minnesota students participating in the program; and

(3) the name and type of the foreign exchange or study or other travel abroad program and the city or region where the reported death, hospitalization due to accident, or the illness occurred.

(b) School districts and charter schools must ask but must not require enrolled eligible students and the parents or guardians of other enrolled students who complete a foreign exchange or study or other travel abroad program to disclose the information under paragraph (a).

(c) When reporting the data under paragraph (a), a school district or charter school may supplement the data with a brief explanatory statement. The Department of Education annually must aggregate and publish the reported data on the department website in a format that facilitates public access to the aggregated data and include links to both the United States Department of State's Consular Information Program that informs the public of conditions abroad that may affect students' safety and security and the publicly available reports on sexual assaults and other criminal acts affecting students participating in a foreign exchange or study or other travel abroad program.

(d) School districts and charter schools with enrolled students who participate in foreign exchange or study or other travel abroad programs under a written agreement between the district or charter school and the program provider are encouraged to adopt policies supporting the programs and to include program standards in their policies to ensure students' health and safety.

(e) To be eligible under this subdivision to provide a foreign exchange or study or other travel abroad program to Minnesota students enrolled in a school district or charter school, a program provider annually must register with the secretary of state and provide the following information on a form developed by the secretary of state: the name, address, and telephone number of the program provider, its chief executive officer, and the person within the provider's organization who is primarily responsible for supervising programs within the state; the program provider's unified business identification number, if any; whether the program provider is exempt from federal income tax; a list of the program provider's placements in foreign countries for the previous school year including the number of Minnesota students placed, where Minnesota students were placed, and the length of their placement; the terms and limits of the medical and accident insurance available to cover participating students and the process for filing a claim; and the signatures of the program provider's chief executive officer and the person primarily responsible for supervising Minnesota students' placements in foreign countries. If the secretary of state determines the registration is complete, the secretary of state shall file the registration and the program provider is registered. Registration with the secretary of state must not be considered or represented as an endorsement of the program provider by the secretary of state. The secretary of state annually must publish on its website aggregated data under paragraph (c) received from the Department of Education.

(f) Program providers, annually by August 1, must provide the data required under paragraph (a), clauses (1) to (3), to the districts and charter schools with enrolled students participating in the provider's program.

(g) The Department of Education must publish the information it has under paragraph (c), but it is not responsible for any errors or omissions in the information provided to it by a school district or charter school. A school district or charter school is not responsible for omissions in the information provided to it by students and programs.

Sec. 2. Minnesota Statutes 2018, section 120A.22, subdivision 5, is amended to read:

Subd. 5. **Ages and terms.** (a) Every child between ~~seven~~ six and 17 years of age must receive instruction unless the child has graduated. Every child under the age of ~~seven~~ six who is enrolled in ~~a half-day kindergarten, or a full-day kindergarten program on alternate days, or other kindergarten programs shall~~ must receive instruction for the hours established for that program. Except as provided in subdivision 6, a parent may withdraw a child under the age of ~~seven~~ six from enrollment at any time.

(b) A school district by annual board action may require children subject to this subdivision to receive instruction in summer school. A district that acts to require children to receive instruction in summer school ~~shall~~ must establish at the time of its action the criteria for determining which children must receive instruction.

(c) A pupil 16 years of age or older who meets the criteria of section 124D.68, subdivision 2, and under clause (5) of that subdivision has been excluded or expelled from school or under clause (11) of that subdivision has been chronically truant may be referred to an area learning center. Such referral may be made only after consulting the principal, area learning center director, student, and parent or guardian and only if, in the school administrator's professional judgment, the referral is in the best educational interest of the pupil. Nothing in this paragraph limits a pupil's eligibility to apply to enroll in other eligible programs under section 124D.68.

**EFFECTIVE DATE.** This section is effective for the 2020-2021 school year and later.

Sec. 3. Minnesota Statutes 2018, section 120A.22, subdivision 6, is amended to read:

Subd. 6. **Children under ~~seven~~ age six.** (a) Once a pupil under the age of ~~seven~~ six is enrolled in kindergarten or a higher grade in a public school, the pupil is subject to the compulsory attendance provisions of this chapter and section 120A.34, unless the board of the district in which the pupil is enrolled has a policy that exempts children under ~~seven~~ six from this subdivision.

(b) In a district in which children under ~~seven~~ the age of six are subject to compulsory attendance under this subdivision, paragraphs (c) to (e) apply.

(c) A parent or guardian may withdraw the pupil from enrollment in the school for good cause by notifying the district. Good cause includes, but is not limited to, enrollment of the pupil in another school, as defined in subdivision 4, or the immaturity of the child.

(d) When the pupil enrolls, the enrolling official must provide the parent or guardian who enrolls the pupil with a written explanation of the provisions of this subdivision.

(e) A pupil under the age of ~~seven~~ six who is withdrawn from enrollment in the public school under paragraph (c) is no longer subject to the compulsory attendance provisions of this chapter.

(f) In a district that had adopted a policy to exempt children under ~~seven~~ the age of six from this subdivision, the district's chief attendance officer must keep the truancy enforcement authorities supplied with a copy of the board's current policy certified by the clerk of the board.

**EFFECTIVE DATE.** This section is effective for the 2020-2021 school year and later.

Sec. 4. Minnesota Statutes 2018, section 120A.22, subdivision 11, is amended to read:

Subd. 11. **Assessment of performance.** (a) Each year the performance of every child ages ~~seven~~ six through 16 and every child ages 16 through 17 for which an initial report was filed pursuant to section 120A.24, subdivision 1, after the child is 16 and who is not enrolled in a public school must be assessed using a nationally norm-referenced standardized achievement examination. The superintendent of the district in which the child receives instruction and the person in charge of the child's instruction must agree about the specific examination to be used and the administration and location of the examination.

(b) To the extent the examination in paragraph (a) does not provide assessment in all of the subject areas in subdivision 9, the parent must assess the child's performance in the applicable subject area. This requirement applies only to a parent who provides instruction and does not meet the requirements of subdivision 10, clause (1), (2), or (3).

(c) If the results of the assessments in paragraphs (a) and (b) indicate that the child's performance on the total battery score is at or below the 30th percentile or one grade level below the performance level for children of the same age, the parent must obtain additional evaluation of the child's abilities and performance for the purpose of determining whether the child has learning problems.

(d) A child receiving instruction from a nonpublic school, person, or institution that is accredited by an accrediting agency, recognized according to section 123B.445, or recognized by the commissioner, is exempt from the requirements of this subdivision.

**EFFECTIVE DATE.** This section is effective for the 2020-2021 school year and later.

Sec. 5. Minnesota Statutes 2018, section 120A.24, subdivision 1, is amended to read:

Subdivision 1. **Reports to superintendent.** (a) The person or nonpublic school in charge of providing instruction to a child must submit to the superintendent of the district in which the child resides the name, birth date, and address of the child; the annual tests intended to be used under section 120A.22, subdivision 11, if required; the name of each instructor; and evidence of compliance with one of the requirements specified in section 120A.22, subdivision 10:

(1) by October 1 of the first school year the child receives instruction after reaching the age of ~~seven~~ six;

(2) within 15 days of when a parent withdraws a child from public school after age ~~seven~~ six to provide instruction in a nonpublic school that is not accredited by a state-recognized accredited agency;

(3) within 15 days of moving out of a district; and

(4) by October 1 after a new resident district is established.

(b) The person or nonpublic school in charge of providing instruction to a child between the ages of ~~seven~~ six and 16 and every child ages 16 through 17 for which an initial report was filed pursuant to this subdivision after the child is 16 must submit, by October 1 of each school year, a letter of intent to continue to provide instruction under this section for all students under the person's or school's supervision and any changes to the information required in paragraph (a) for each student.

(c) The superintendent may collect the required information under this section through an electronic or web-based format, but must not require electronic submission of information under this section from the person in charge of reporting under this subdivision.

**EFFECTIVE DATE.** This section is effective for the 2020-2021 school year and later.

Sec. 6. Minnesota Statutes 2018, section 120B.11, subdivision 2, is amended to read:

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

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

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

(3) a system to periodically review and evaluate the effectiveness of all instruction and curriculum, taking into account strategies and best practices, student outcomes, school principal evaluations under section 123B.147, subdivision 3, students' access to effective teachers who are members of populations underrepresented among the licensed teachers in the district or school and who reflect the diversity of enrolled students under section 120B.35, subdivision 3, paragraph (b), clause (2), and teacher evaluations under section 122A.40, subdivision 8, or 122A.41, subdivision 5;

(4) strategies for improving instruction, curriculum, and student achievement, including: (i) the English and, where practicable, the native language development and the academic achievement of English learners and (ii) for all learners, access to culturally relevant or ethnic studies curriculum using culturally responsive methodologies;

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

(6) education effectiveness practices that integrate high-quality instruction; rigorous curriculum; technology; inclusive and respectful learning and work environments for all students, families, and employees; and a collaborative professional culture that ~~develops and supports~~ retains qualified, racially, and ethnically diverse staff effective at working with diverse students while developing and supporting teacher quality, performance, and effectiveness; and

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

**EFFECTIVE DATE.** This section is effective for all strategic plans reviewed and updated after the day following final enactment.

Sec. 7. Minnesota Statutes 2018, section 120B.11, subdivision 3, is amended to read:

Subd. 3. **District advisory committee.** (a) Each school board ~~shall~~ must establish an advisory committee to ensure active community participation in all phases of planning and improving the instruction and curriculum affecting state and district academic standards, consistent with subdivision 2. A district advisory committee, to the extent possible, ~~shall~~ must reflect the diversity of the district and its school sites, include teachers, parents, support staff, students, and other community residents, and provide translation to the extent appropriate and practicable. The district advisory committee ~~shall~~ must pursue community support to accelerate the academic and native literacy and achievement of English learners with varied needs, from young children to adults, consistent with section 124D.59, subdivisions 2 and 2a. The district may establish site teams as subcommittees of the district advisory committee under subdivision 4.

(b) The district advisory committee ~~shall~~ must recommend to the school board:

(1) rigorous academic standards;

(2) student achievement goals and measures consistent with subdivision 1a and sections 120B.022, subdivisions 1a and 1b, and 120B.35;

(3) district assessments;

(4) means to improve students' equitable access to effective and more diverse teachers;

(5) strategies to ensure the curriculum and learning and work environments are inclusive and respectful toward all racial and ethnic groups; and

(6) program evaluations.

(c) School sites may expand upon district evaluations of instruction, curriculum, assessments, or programs. Whenever possible, parents and other community residents ~~shall~~ must comprise at least two-thirds of advisory committee members.

Sec. 8. Minnesota Statutes 2018, section 120B.12, subdivision 2, is amended to read:

Subd. 2. **Identification; report.** (a) Each school district ~~shall~~ must identify before the end of kindergarten, grade 1, and grade 2 all students who are not reading at grade level ~~before the end of the current school year and shall~~. Students identified as not reading at grade level by the end of kindergarten, grade 1, and grade 2 must be screened for characteristics of dyslexia.

(b) identify Students in grade 3 or higher who demonstrate a reading difficulty to a classroom teacher must be screened for characteristics of dyslexia, unless a different reason for the reading difficulty has been identified.

(c) Reading assessments in English, and in the predominant languages of district students where practicable, must identify and evaluate students' areas of academic need related to literacy. The district also must monitor the progress and provide reading instruction appropriate to the specific needs of English learners. The district must use a locally adopted, developmentally appropriate, and culturally responsive assessment and annually report summary assessment results to the commissioner by July 1.

(d) The district also must annually report to the commissioner by July 1 a summary of the district's efforts to screen and identify students with:

(1) dyslexia, using screening tools such as those recommended by the department's dyslexia specialist; or

(2) convergence insufficiency disorder.

~~(b)~~ (e) A student identified under this subdivision must be provided with alternate instruction under section 125A.56, subdivision 1.

**EFFECTIVE DATE.** This section is effective July 1, 2020.

Sec. 9. Minnesota Statutes 2018, section 120B.30, subdivision 1, is amended to read:

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



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

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

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

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

(1) mathematics;

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

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

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

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

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

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

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

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

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

A student under paragraph (c), clause (1), must receive targeted, relevant, academically rigorous, and resourced instruction, which may include a targeted instruction and intervention plan focused on improving the student's knowledge and skills in core subjects so that the student has a reasonable chance to succeed in a career or college without need for postsecondary remediation. Consistent with sections 120B.13, 124D.09, 124D.091, 124D.49, and related sections, an enrolling school or district must actively encourage a student in grade 11 or 12 who is identified as academically ready for a career or college to participate in courses and programs awarding college credit to high school students. Students are not required to achieve a specified score or level of proficiency on an assessment under this subdivision to graduate from high school.

(e) Though not a high school graduation requirement, students are encouraged to participate in a nationally recognized college entrance exam. To the extent state funding for college entrance exam fees is available, a district must pay the cost, one time, for an interested student in grade 11 or 12 who is eligible for a free or reduced-price meal, to take a nationally recognized college entrance exam before graduating. A student must be able to take the exam under this paragraph at the student's high school during the school day and at any one of the multiple exam administrations available to students in the district. A district may administer the ACT or SAT or both the ACT and SAT to comply with this paragraph. If the district administers only one of these two tests and a free or reduced-price meal eligible student opts not to take that test and chooses instead to take the other of the two tests, the student may take the other test at a different time or location and remains eligible for the examination fee reimbursement. Notwithstanding sections 123B.34 to 123B.39, a school district may require a student that is not eligible for a free or reduced-price meal to pay the cost of taking a nationally recognized college entrance exam. The district must waive the cost for a student unable to pay.

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

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

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

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

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

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

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

(m) The 3rd through 8th grade computer-adaptive assessment results and high school test results shall be available to districts for diagnostic purposes affecting student learning and district instruction and curriculum, and for establishing educational accountability. ~~The commissioner must establish empirically derived benchmarks on adaptive assessments in grades 3 through 8.~~ The commissioner, in consultation with the chancellor of the Minnesota State Colleges and Universities, must establish empirically derived benchmarks on the high school tests that reveal a trajectory toward career and college readiness consistent with section 136F.302, subdivision 1a. The commissioner must disseminate to the public the ~~computer-adaptive assessments and~~ high school test results upon receiving those results.

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

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

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

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

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

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

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

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

Sec. 10. Minnesota Statutes 2018, section 120B.30, subdivision 1a, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

~~(f)~~ (e) Reporting of state assessment results must:

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

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

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

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

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

Sec. 11. Minnesota Statutes 2018, section 120B.35, subdivision 3, is amended to read:

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

(2) For purposes of paragraphs (b), (c), and (d), the commissioner must analyze and report separate categories of information using the student categories identified under the federal Elementary and Secondary Education Act, as most recently reauthorized, and, in addition to "other" for each race and ethnicity, and the Karen community, seven of the most populous Asian and Pacific Islander groups, three of the most populous Native groups, seven of the most populous Hispanic/Latino groups, and five of the most populous Black and African Heritage groups as determined by the total Minnesota population based on the most recent American Community Survey; English learners under section 124D.59; home language; free or reduced-price lunch; and all students enrolled in a Minnesota public school who are currently or were previously in foster care, except that such disaggregation and cross tabulation is not required if the number of students in a category is insufficient to yield statistically reliable information or the results would reveal personally identifiable information about an individual student.

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

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

(2) for all student categories, report and compare aggregated and disaggregated state student growth and, under section 120B.11, subdivision 2, clause (2), student learning and outcome data using the student categories identified under the federal Elementary and Secondary Education Act, as most recently reauthorized, and other student categories under paragraph (a), clause (2).

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

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

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

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

When reporting the core measures under clauses (1) and (2), the commissioner must also analyze and report separate categories of information using the student categories identified under the federal Elementary and Secondary Education Act, as most recently reauthorized, and other student categories under paragraph (a), clause (2).

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

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

- (1) the four- and six-year graduation rates of students under this paragraph;
- (2) the percent of students under this paragraph whose progress and performance levels are meeting career and college readiness benchmarks under section 120B.30, subdivision 1; and
- (3) the success that learning year program providers experience in:
  - (i) identifying at-risk and off-track student populations by grade;
  - (ii) providing successful prevention and intervention strategies for at-risk students;
  - (iii) providing successful recuperative and recovery or reenrollment strategies for off-track students; and
  - (iv) improving the graduation outcomes of at-risk and off-track students.

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

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

(g) When reporting four- and six-year graduation rates, the commissioner or school district must disaggregate the data by student categories according to paragraph (a), clause (2).

(h) A school district must inform parents and guardians that volunteering information on student categories not required by the most recent reauthorization of the Elementary and Secondary Education Act is optional and will not violate the privacy of students or their families, parents, or guardians. The notice must state the purpose for collecting the student data.

Sec. 12. Minnesota Statutes 2018, section 120B.36, subdivision 1, is amended to read:

Subdivision 1. **School performance reports and public reporting.** (a) The commissioner shall report student academic performance data under section 120B.35, subdivisions 2 and 3; ~~the percentages of students showing low, medium, and high growth under section 120B.35, subdivision 3, paragraph (b)~~ academic progress consistent with federal expectations; school safety and student engagement and connection under section 120B.35, subdivision 3, paragraph (d); rigorous coursework under section 120B.35, subdivision 3, paragraph (c); the percentage of students under section 120B.35, subdivision 3, paragraph (b), clause (2), whose progress and performance levels are meeting career and college readiness benchmarks under sections 120B.30, subdivision 1, and 120B.35, subdivision 3, paragraph (e); longitudinal data on the progress of eligible districts in reducing disparities in students' academic achievement and realizing racial and economic integration under section 124D.861; the acquisition of English, and where practicable, native language academic literacy, including oral academic language, and the academic progress of all English learners enrolled in a Minnesota public school course or program who are currently or were previously

counted as English learners under section 124D.59; two separate student-to-teacher ratios that clearly indicate the definition of teacher consistent with sections 122A.06 and 122A.15 for purposes of determining these ratios; staff characteristics excluding salaries; student enrollment demographics; foster care status, including all students enrolled in a Minnesota public school course or program who are currently or were previously in foster care, student homelessness, and district mobility; and extracurricular activities.

(b) The school performance report for a school site and a school district must include school performance reporting information and calculate proficiency rates as required by the most recently reauthorized Elementary and Secondary Education Act.

(c) The commissioner shall develop, annually update, and post on the department website school performance reports consistent with paragraph (a) and section 120B.11.

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

(e) A school or district may appeal its results in a form and manner determined by the commissioner and consistent with federal law. The commissioner's decision to uphold or deny an appeal is final.

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

Sec. 13. Minnesota Statutes 2018, section 121A.41, is amended by adding a subdivision to read:

**Subd. 12. Nonexclusionary disciplinary policies and practices; alternatives to pupil removal and dismissal.** "Nonexclusionary disciplinary policies and practices" means policies and practices that are alternatives to removing a pupil from class or dismissing a pupil from school, including evidence-based positive behavioral interventions and supports, social and emotional services, school-linked mental health services, counseling services, social work services, referrals for special education or 504 evaluations, academic screening for Title I services or reading interventions, and alternative education services. Nonexclusionary disciplinary policies and practices require school officials to intervene in, redirect, and support a pupil's behavior before removing a pupil from class or beginning dismissal proceedings. Nonexclusionary disciplinary policies and practices include but are not limited to the policies and practices under sections 120B.12; 121A.031, subdivision 4, paragraph (a), clause (1); 121A.575, clauses (1) and (2); 121A.61, subdivision 3, paragraph (q); and 122A.627, clause (3).

**EFFECTIVE DATE.** This section is effective for the 2019-2020 school year and later.

Sec. 14. Minnesota Statutes 2018, section 121A.41, is amended by adding a subdivision to read:

**Subd. 13. Pupil withdrawal agreements.** "Pupil withdrawal agreements" means a verbal or written agreement between a school or district administrator and a pupil's parent or guardian to withdraw a student from the school district to avoid expulsion or exclusion dismissal proceedings. The duration of the withdrawal agreement may be no longer than 12 months.

**EFFECTIVE DATE.** This section is effective for the 2019-2020 school year and later.



Sec. 15. Minnesota Statutes 2018, section 121A.45, subdivision 1, is amended to read:

Subdivision 1. **Provision of alternative programs.** No school shall dismiss any pupil without attempting to ~~provide alternative educational services~~ use nonexclusionary disciplinary policies and practices before a dismissal proceedings proceeding or a pupil withdrawal agreement, except where it appears that the pupil will create an immediate and substantial danger to self or to surrounding persons or property.

**EFFECTIVE DATE.** This section is effective for the 2019-2020 school year and later.

Sec. 16. Minnesota Statutes 2018, section 121A.46, is amended by adding a subdivision to read:

Subd. 5. **Suspensions exceeding five consecutive school days.** A school administrator must ensure that when a pupil is suspended for more than five consecutive school days, alternative education services are provided.

**EFFECTIVE DATE.** This section is effective for the 2019-2020 school year and later.

Sec. 17. Minnesota Statutes 2018, section 121A.46, is amended by adding a subdivision to read:

Subd. 6. **Minimum education services.** School officials must give a suspended pupil a reasonable opportunity to complete all school work assigned during the pupil's suspension and to receive full credit for satisfactorily completing the assignments. The school principal or other person having administrative control of the school building or program is encouraged to designate a district or school employee as a liaison to work with the pupil's teachers to allow the suspended pupil to (1) receive timely course materials and other information, and (2) complete daily and weekly assignments and receive teachers' feedback. Nothing in this subdivision limits the teacher's authority to assign alternative work for the completion of assignments during a suspension.

**EFFECTIVE DATE.** This section is effective for the 2019-2020 school year and later.

Sec. 18. Minnesota Statutes 2018, section 121A.47, subdivision 2, is amended to read:

Subd. 2. **Written notice.** Written notice of intent to take action ~~shall~~ must:

- ~~(a)~~ (1) be served upon the pupil and the pupil's parent or guardian personally or by mail;
- ~~(b)~~ (2) contain a complete statement of the facts, a list of the witnesses and a description of their testimony;
- ~~(c)~~ (3) state the date, time, and place of the hearing;
- ~~(d)~~ (4) be accompanied by a copy of sections 121A.40 to 121A.56;
- ~~(e)~~ (5) describe ~~alternative educational services~~ the nonexclusionary disciplinary policies and practices accorded the pupil in an attempt to avoid the expulsion proceedings; and
- ~~(f)~~ (6) inform the pupil and parent or guardian of the right to:
  - ~~(1)~~ (i) have a representative of the pupil's own choosing, including legal counsel, at the hearing. The district ~~shall~~ must advise the pupil's parent or guardian that free or low-cost legal assistance may be available and that a legal assistance resource list is available from the Department of Education and is posted on its website;
  - ~~(2)~~ (ii) examine the pupil's records before the hearing;

(3) (iii) present evidence; and

(4) (iv) confront and cross-examine witnesses.

**EFFECTIVE DATE.** This section is effective for the 2019-2020 school year and later.

Sec. 19. Minnesota Statutes 2018, section 121A.47, subdivision 14, is amended to read:

Subd. 14. **Admission or readmission plan.** (a) A school administrator ~~shall~~ must prepare and enforce an admission or readmission plan for any pupil who is excluded or expelled from school. The plan ~~may include~~ must address measures to improve the pupil's behavior, ~~including~~ and may include completing a character education program, consistent with section 120B.232, subdivision 1, ~~and~~ social and emotional learning, counseling, social work services, mental health services, referrals for special education or 504 evaluation, and evidence-based academic interventions. The plan must require parental involvement in the admission or readmission process, and may indicate the consequences to the pupil of not improving the pupil's behavior.

(b) The definition of suspension under section 121A.41, subdivision 10, does not apply to a student's dismissal from school for one school day or less, except as provided under federal law for a student with a disability. Each suspension action may include a readmission plan. A readmission plan must provide, where appropriate, alternative education services, which must not be used to extend the student's current suspension period. Consistent with section 125A.091, subdivision 5, a readmission plan must not obligate a parent or guardian to provide psychotropic drugs to their student as a condition of readmission. School officials must not use the refusal of a parent or guardian to consent to the administration of psychotropic drugs to their student or to consent to a psychiatric evaluation, screening or examination of the student as a ground, by itself, to prohibit the student from attending class or participating in a school-related activity, or as a basis of a charge of child abuse, child neglect or medical or educational neglect.

**EFFECTIVE DATE.** This section is effective for the 2019-2020 school year and later.

Sec. 20. Minnesota Statutes 2018, section 121A.53, subdivision 1, is amended to read:

Subdivision 1. **Exclusions and expulsions; student withdrawals; physical assaults.** Consistent with subdivision 2, the school board must report through the department electronic reporting system each exclusion or expulsion ~~and~~ each physical assault of a district employee by a ~~student pupil, and each pupil withdrawal agreement~~ within 30 days of the effective date of the dismissal action, pupil withdrawal, or assault to the commissioner of education. This report must include a statement of ~~alternative educational services~~ nonexclusionary disciplinary policies and practices, or other sanction, intervention, or resolution in response to the assault given the pupil and the reason for, the effective date, and the duration of the exclusion or expulsion or other sanction, intervention, or resolution. The report must also include the ~~student's~~ pupil's age, grade, gender, race, and special education status.

**EFFECTIVE DATE.** This section is effective for the 2019-2020 school year and later.

Sec. 21. Minnesota Statutes 2018, section 121A.55, is amended to read:

**121A.55 POLICIES TO BE ESTABLISHED.**

(a) The commissioner of education shall promulgate guidelines to assist each school board. Each school board ~~shall~~ must establish uniform criteria for dismissal and adopt written policies and rules to effectuate the purposes of sections 121A.40 to 121A.56. The policies ~~shall~~ must include nonexclusionary disciplinary policies and practices consistent with section 121A.41, subdivision 12, and emphasize preventing dismissals through early detection of problems ~~and shall.~~ The policies must be designed to address students' inappropriate behavior from recurring.

(b) The policies shall recognize the continuing responsibility of the school for the education of the pupil during the dismissal period. The school is responsible for ensuring that the alternative educational services, if provided to the pupil wishes to take advantage of them, must be are adequate to allow the pupil to make progress towards toward meeting the graduation standards adopted under section 120B.02 and, help prepare the pupil for readmission, and are consistent with section 121A.46, subdivision 6.

(c) For expulsion and exclusion dismissals, as well as pupil withdrawal agreements as defined in section 121A.41, subdivision 13:

(1) the school district's continuing responsibility includes reviewing the pupil's school work and grades on a quarterly basis to ensure the pupil is on track for readmission with the pupil's peers. School districts must communicate on a regular basis with the pupil's parent or guardian to ensure the pupil is completing the work assigned through the alternative educational services;

(2) if school-linked mental health services are provided in the district under section 245.4889, pupils continue to be eligible for those services until they are enrolled in a new district; and

(3) the school district must provide to the pupil's parent or guardian a list of mental health and counseling services that offer free or sliding fee services. The list must also be posted on the district's website.

(d) An area learning center under section 123A.05 may not prohibit an expelled or excluded pupil from enrolling solely because a district expelled or excluded the pupil. The board of the area learning center may use the provisions of the Pupil Fair Dismissal Act to exclude a pupil or to require an admission plan.

(e) Each school district shall develop a policy and report it to the commissioner on the appropriate use of peace officers and crisis teams to remove students who have an individualized education program from school grounds.

**EFFECTIVE DATE.** This section is effective for the 2019-2020 school year and later.

Sec. 22. **[121A.80] STUDENT JOURNALISM; STUDENT EXPRESSION.**

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

(b) "School-sponsored media" means material that is:

(1) prepared, wholly or substantially written, published, broadcast, or otherwise disseminated by a student journalist enrolled in a school district or charter school;

(2) distributed or generally made available to students in the school; and

(3) prepared by a student journalist under the supervision of a student media adviser.

School-sponsored media does not include material prepared solely for distribution or transmission in the classroom in which the material is produced.

(c) "School official" means a school principal under section 123B.147 or other person having administrative control or supervision of a school.

(d) "Student journalist" means a school district or charter school student in grades 6 through 12 who gathers, compiles, writes, edits, photographs, records, or otherwise prepares information for dissemination in school-sponsored media.

(e) "Student media adviser" means a person a school district or charter school employs, appoints, or designates to supervise student journalists or provide instruction relating to school-sponsored media.

Subd. 2. **Student journalists; protected conduct.** (a) Except as provided in subdivision 3, a student journalist has the right to exercise freedom of speech and freedom of the press in school-sponsored media regardless of whether the school-sponsored media receives financial support from the school or district, uses school equipment or facilities in its production, or is produced as part of a class or course in which the student journalist is enrolled. Consistent with subdivision 3, a student journalist has the right to determine the news, opinion, feature, and advertising content of school-sponsored media. A school district or charter school must not discipline a student journalist for exercising rights or freedoms under this paragraph or the First Amendment of the United States Constitution.

(b) A school district or charter school must not retaliate or take adverse employment action against a student media adviser for supporting a student journalist exercising rights or freedoms under paragraph (a) or the First Amendment of the United States Constitution.

(c) Notwithstanding the rights or freedoms of this subdivision or the First Amendment of the United States Constitution, nothing in this section inhibits a student media adviser from teaching professional standards of English and journalism to student journalists.

Subd. 3. **Unprotected expression.** (a) This section does not authorize or protect student expression that: (1) is defamatory; (2) is profane, harassing, threatening, or intimidating; (3) constitutes an unwarranted invasion of privacy; (4) violates federal or state law; (5) causes a material and substantial disruption of school activities; or (6) is directed to inciting or producing imminent lawless action on school premises or the violation of lawful school policies or rules, including a policy adopted in accordance with section 121A.03 or 121A.031.

(b) A school or district must not authorize any prior restraint of school-sponsored media except under paragraph (a).

Subd. 4. **Student journalist policy.** School districts and charter schools must adopt and post a student journalist policy consistent with this section.

**EFFECTIVE DATE.** This section is effective for the 2019-2020 school year and later.

Sec. 23. Minnesota Statutes 2018, section 124D.02, subdivision 1, is amended to read:

Subdivision 1. **Kindergarten instruction.** (a) ~~The board may establish and maintain one or more kindergartens for the instruction of children and after July 1, 1974, shall~~ must provide kindergarten instruction for free of charge to all eligible children, either in the district or in another district. All children to be eligible for kindergarten must be A child is eligible for kindergarten if the child is at least five years of age on September 1 of the calendar year in which the school year commences. ~~In addition all children selected, or is admitted under an early admissions policy established by the school board may be admitted.~~

(b) If established, a board-adopted early admissions policy must describe the process and procedures for comprehensive evaluation in cognitive, social, and emotional developmental domains to help determine the child's ability to meet kindergarten grade expectations and progress to first grade in the subsequent year. The comprehensive evaluation must use valid and reliable instrumentation, be aligned with state kindergarten expectations, and include a parent report and teacher observations of the child's knowledge, skills, and abilities. The early admissions policy must be made available to parents in an accessible format and is subject to review by the commissioner of education. The evaluation is subject to section 127A.41.

(c) Nothing in this section shall prohibit a school district from establishing Head Start, prekindergarten, or nursery school classes for children below kindergarten age. Any school board with evidence that providing kindergarten will cause an extraordinary hardship on the school district may apply to the commissioner of education for an exception.

**EFFECTIVE DATE.** This section is effective for the 2020-2021 school year and later.

Sec. 24. Minnesota Statutes 2018, section 124D.09, subdivision 3, is amended to read:

Subd. 3. **Definitions.** For purposes of this section, the following terms have the meanings given to them.

(a) "Eligible institution" means a Minnesota public postsecondary institution, a private, nonprofit two-year trade and technical school granting associate degrees, an opportunities industrialization center accredited by ~~the North Central Association of Colleges and Schools~~ a United States Department of Education recognized accrediting agency, or a private, residential, two-year or four-year, liberal arts, degree-granting college or university located in Minnesota.

(b) "Course" means a course or program.

(c) "Concurrent enrollment" means nonsectarian courses in which an eligible pupil under subdivision 5 or 5b enrolls to earn both secondary and postsecondary credits, are taught by a secondary teacher or a postsecondary faculty member, and are offered at a high school for which the district is eligible to receive concurrent enrollment program aid under section 124D.091.

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

Sec. 25. Minnesota Statutes 2018, section 124D.09, subdivision 7, is amended to read:

Subd. 7. **Dissemination of information; notification of intent to enroll.** By the earlier of (1) three weeks prior to the date by which a student must register for district courses for the following school year, or (2) March 1 of each year, a district must provide up-to-date information on the district's website and in materials that are distributed to parents and students about the program, including information about enrollment requirements and the ability to earn postsecondary credit to all pupils in grades 8, 9, 10, and 11. To assist the district in planning, a pupil ~~shall~~ must inform the district by May 30 of each year of the pupil's intent to enroll in postsecondary courses during the following school year. A pupil is bound by notifying or not notifying the district by May 30.

**EFFECTIVE DATE.** This section is effective July 1, 2019.

Sec. 26. Minnesota Statutes 2018, section 124D.09, subdivision 9, is amended to read:

Subd. 9. **Enrollment priority.** (a) A postsecondary institution ~~shall~~ must give priority to its postsecondary students when enrolling ~~10th, 11th, and 12th-grade~~ pupils in grades 10, 11, and 12 in its courses. A postsecondary institution may provide information about its programs to a secondary school or to a pupil or parent and it may advertise or otherwise recruit or solicit a secondary pupil to enroll in its programs on educational and programmatic grounds only except, notwithstanding other law to the contrary, and for the 2014-2015 through 2019-2020 school years only, an eligible postsecondary institution may advertise or otherwise recruit or solicit a secondary pupil residing in a school district with 700 students or more in grades 10, 11, and 12, to enroll in its programs on educational, programmatic, or financial grounds.

(b) An institution must not enroll secondary pupils, for postsecondary enrollment options purposes, in remedial, developmental, or other courses that are not college level except when a student eligible to participate and enrolled in the graduation incentives program under section 124D.68 enrolls full time in a middle or early college program.

A middle or early college program must be specifically designed to allow the student to earn dual high school and college credit with a well-defined pathway to allow the student to earn a postsecondary degree or credential. In this case, the student ~~shall~~ must receive developmental college credit and not college credit for completing remedial or developmental courses.

(c) Once a pupil has been enrolled in any postsecondary course under this section, the pupil ~~shall~~ must not be displaced by another student.

(d) If a postsecondary institution enrolls a secondary school pupil in a course under this section, the postsecondary institution also must enroll in the same course an otherwise enrolled and qualified postsecondary student who qualifies as a veteran under section 197.447, and demonstrates to the postsecondary institution's satisfaction that the institution's established enrollment timelines were not practicable for that student.

(e) A postsecondary institution must allow secondary pupils to enroll in online courses under this section consistent with the institution's policy regarding postsecondary pupil enrollment in online courses.

**EFFECTIVE DATE.** This section is effective July 1, 2019.

Sec. 27. Minnesota Statutes 2018, section 124D.091, is amended to read:

**124D.091 CONCURRENT ENROLLMENT PROGRAM AID.**

Subdivision 1. **Accreditation.** To establish a uniform standard by which concurrent enrollment courses and professional development activities may be measured, postsecondary institutions must adopt and implement the National Alliance of Concurrent Enrollment Partnership's program standards and required evidence for accreditation by the 2020-2021 school year and later.

Subd. 2. **Eligibility.** A district that offers a concurrent enrollment course according to an agreement under section 124D.09, subdivision 10, is eligible to receive aid for the costs of providing postsecondary courses at the high school. ~~Beginning in fiscal year 2011, districts~~ A district is only ~~are~~ eligible for aid if the college or university concurrent enrollment courses offered by the district are accredited by the National Alliance of Concurrent Enrollment Partnership, in the process of being accredited, or are shown by clear evidence to be of comparable standard to accredited courses, or are technical courses within a recognized career and technical education program of study approved by the commissioner of education and the chancellor of the Minnesota State Colleges and Universities.

Subd. 3. **Aid.** An eligible ~~district shall receive~~ district's concurrent enrollment aid equals \$150 per pupil times the number of pupils enrolled in a concurrent enrollment course during that school year. ~~The money~~ Concurrent enrollment aid must be used to defray the cost of delivering ~~the course~~ concurrent enrollment courses at the high school. The commissioner shall establish application procedures and deadlines for receipt of aid payments.

Sec. 28. Minnesota Statutes 2018, section 124D.2211, is amended to read:

**124D.2211 AFTER-SCHOOL COMMUNITY LEARNING PROGRAMS.**

Subdivision 1. **Establishment.** A competitive statewide after-school community learning grant program is established to provide grants to ~~community or nonprofit organizations, political subdivisions, for-profit or nonprofit child care centers, or school-based programs that serve youth after school or during nonschool hours~~ organizations that offer academic and enrichment activities for elementary and secondary school students during nonschool hours. Grants must be used to offer a broad array of enrichment activities that promote positive after-school activities, including art, music, community engagement, literacy, science, technology, engineering, math, health, and

recreation programs. The commissioner ~~shall~~ must develop criteria for after-school community learning programs. The commissioner may award grants under this section to community or nonprofit organizations, political subdivisions, public libraries, for-profit or nonprofit child care centers, or school-based programs that serve youth after school or during nonschool hours.

Subd. 2. ~~**Program outcomes**~~ **Objectives.** ~~The expected outcomes~~ objectives of the after-school community learning programs are to ~~increase~~:

(1) ~~school-connectedness of participants~~ increase access to protective factors that build young people's capacity to become productive adults, such as through connections to a caring adult in order to promote healthy behavior, attitudes, and relationships;

(2) ~~academic achievement of participating students in one or more core academic areas~~ develop skills and behaviors necessary to succeed in postsecondary education or career opportunities; and

(3) ~~the capacity of participants to become productive adults; and~~ encourage school attendance and improve academic performance in accordance with the state's world's best workforce goals under section 120B.11.

~~(4) prevent truancy from school and prevent juvenile crime.~~

Subd. 3. **Grants.** (a) An applicant ~~shall~~ must submit an after-school community learning program proposal to the commissioner. The submitted ~~plan~~ proposal must include:

(1) collaboration with and leverage of existing community resources that have demonstrated effectiveness;

(2) outreach to children and youth; ~~and~~

(3) ~~involvement of local governments, including park and recreation boards or schools, unless no government agency is appropriate~~ an explanation of how the proposal will support the objectives identified in subdivision 2; and

(4) a plan to implement effective after-school practices and provide staff access to professional development opportunities.

~~Proposals will be reviewed and approved by the commissioner.~~

(b) The commissioner must review proposals and award grants to programs that:

(1) primarily serve students eligible for free or reduced-price meals; and

(2) provide opportunities for academic enrichment and a broad array of additional services and activities to meet program objectives.

(c) To the extent practicable, the commissioner must award grants equitably among the geographic areas of Minnesota, including rural, suburban, and urban communities.

(d) The commissioner must award grants without giving preference to any particular grade of students served by an applicant program.

Subd. 4. **Technical assistance and continuous improvement.** (a) The commissioner must monitor and evaluate the performance of grant recipients to assess the programs' effectiveness in meeting the objectives identified in subdivision 2.

(b) The commissioner must provide technical assistance, capacity building, and professional development to grant recipients, including guidance on:

(1) aligning activities with the state's world's best workforce goals under section 120B.11; and

(2) effective practices for after-school programs.

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

Sec. 29. Minnesota Statutes 2018, section 124D.231, is amended to read:

**124D.231 FULL-SERVICE COMMUNITY SCHOOLS.**

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

(a) "Community organization" means a nonprofit organization that has been in existence for three years or more and serves persons within the community surrounding the covered school site on education and other issues.

(b) "Community school consortium" means a group of schools and community organizations that propose to work together to plan and implement community school programming.

(c) "Community school programming" means services, activities, and opportunities described under subdivision 2, paragraph ~~(e)~~ (f).

(d) "Community-wide full-service community school leadership team" means a district-level team that is responsible for guiding the vision, policy, resource alignment, implementation, oversight, and goal setting for community school programs within the district. This team must include representatives from the district; teachers, school leaders, students, and family members from the eligible schools; community members; system-level partners that include representatives from government agencies, relevant unions, and nonprofit and other community-based partners; and, if applicable, the full-service community school initiative director.

(e) "Full-service community school initiative director" means a director responsible for coordinating districtwide administrative and leadership assistance to community school sites and site coordinators including chairing the district's community-wide full-service community school leadership team, site coordinator support, data gathering and evaluation, administration of partnership and data agreements, contracts and procurement, and grants.

~~(d)~~ (f) "High-quality child care or early childhood education programming" means educational programming for preschool-aged children that is grounded in research, consistent with best practices in the field, and provided by licensed teachers.

~~(e)~~ (g) "School site" means a school site at which an applicant has proposed or has been funded to provide community school programming.

~~(f)~~ (h) "Site coordinator" ~~is an individual~~ means a full-time staff member serving one eligible school who is responsible for ~~aligning the identification, implementation, and coordination of programming with~~ to address the needs of the school community identified in the baseline analysis.

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



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

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

(b) ~~An eligible school site may receive up to \$150,000 annually.~~ Districts and charter schools may receive up to:

(1) \$100,000 for each eligible school available for up to one year to fund planning activities including convening a full-service community school leadership team, facilitating family and community stakeholder engagement, conducting a baseline analysis, and creating a full-service community school plan. At the end of this period, the school must submit a full-service community school plan, pursuant to paragraphs (f) and (g); and

(2) \$150,000 annually for each eligible school for up to three years of implementation of a full-service community school plan, pursuant to paragraphs (f) and (g). School sites receiving funding under this section shall must hire or contract with a partner agency to hire a site coordinator to coordinate services at each covered school site. Districts or charter schools receiving funding under this section for three or more schools must provide or contract with a partner agency to provide a full-service community school initiative director.

~~(c) Of grants awarded, implementation funding of up to \$20,000 must be available for up to one year for planning for school sites. At the end of this period, the school must submit a full service community school plan, pursuant to paragraph (g). If the site decides not to use planning funds, the plan must be submitted with the application.~~

~~(c)~~ (c) The commissioner ~~shall~~ must consider additional school factors when dispensing funds including: schools with significant populations of students receiving free or reduced-price lunches; significant homeless and highly mobile rates; ~~and~~ equity among urban, suburban, and greater Minnesota schools; and demonstrated success implementing full-service community school programming.

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

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

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

~~(e)~~ (e) School sites must complete a baseline ~~analysis~~ analysis prior to ~~beginning programming as a full service community school~~ the creation of a full-service community school plan. The analysis ~~shall~~ must include:

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

(i) identification of challenges facing the school;

(ii) analysis of the student body, including:

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

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

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

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

(E) number and percentage of students by race and ethnicity;

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

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

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

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

(vii) evaluation of the need for and availability of ~~wraparound services~~ full-service community school activities, including, but not limited to:

(A) ~~mechanisms for meeting students' social, emotional, and physical health needs, which may include coordination of existing services as well as the development of new services based on student needs; and integrated student supports that address out-of-school barriers to learning through partnerships with social and health service agencies and providers to assist with medical, dental, vision care, and mental health services, or counselors to assist with housing, transportation, nutrition, immigration, or criminal justice issues;~~

(B) ~~strategies to create a safe and secure school environment and improve school climate and discipline, such as implementing a system of positive behavioral supports, and taking additional steps to eliminate bullying; expanded and enriched learning time and opportunities, including: before-school, after-school, weekend, and summer programs that provide additional academic instruction, individualized academic support, enrichment activities, and learning opportunities that emphasize real-world learning and community problem solving and may include art, music, drama, creative writing, hands-on experience with engineering or science, tutoring and homework help, or recreational programs that enhance and are consistent with the school's curriculum;~~

(C) active family and community engagement that brings students' families and the community into the school as partners in education and makes the school a neighborhood hub, providing adults with educational opportunities that may include adult English as a second language classes, computer skills classes, art classes, or other programs or events; and

(D) collaborative leadership and practices that build a culture of professional learning, collective trust, and shared responsibility and include a school-based full-service community school leadership team, a full-service community school site coordinator, a full-service community school initiative director, a community-wide leadership team, other leadership or governance teams, teacher learning communities, or other staff to manage the joint work of school and community organizations;

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

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

- (i) the need for high-quality, full-day child care and early childhood education programs;
- (ii) the need for physical and mental health care services for children and adults; and
- (iii) the need for job training and other adult education programming.

~~(g)~~ (f) Each school site receiving funding under this section must ~~establish~~ develop a full-service community school plan that utilizes and aligns district and community assets and establishes services in at least two of the following types of programming:

(1) early childhood:

- (i) early childhood education; and
- (ii) child care services;

(2) academic:

- (i) academic support and enrichment activities, including expanded learning time;
- (ii) summer or after-school enrichment and learning experiences;
- (iii) job training, internship opportunities, and career counseling services;
- (iv) programs that provide assistance to students who have been truant, suspended, or expelled; and
- (v) specialized instructional support services;

(3) parental involvement:

- (i) programs that promote parental involvement and family literacy;
- (ii) parent leadership development activities that empower and strengthen families and communities, provide volunteer opportunities, or promote inclusion in school-based leadership teams; and

(iii) parenting education activities;

(4) mental and physical health:

- (i) mentoring and other youth development programs, including peer mentoring and conflict mediation;
- (ii) juvenile crime prevention and rehabilitation programs;

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

(iv) developmentally appropriate physical education;

(v) nutrition services;

(vi) primary health and dental care; and

(vii) mental health counseling services;

(5) community involvement:

(i) service and service-learning opportunities;

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

(iii) homeless prevention services;

(6) positive discipline practices; and

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

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

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

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

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

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

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

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

(7) plan for school leadership team development.

Subd. 3. **Full-service community school review.** (a) ~~Every three years,~~ A full-service community school site must submit to the commissioner, and make available at the school site and online, a report describing efforts to integrate community school programming at each covered school site and the effect of the transition to a full-service community school on participating children and adults. This report ~~shall~~ must include, but is not limited to, the following:

(1) an assessment of the effectiveness of the school site in development or implementing the community school plan;

(2) problems encountered in the design and execution of the community school plan, including identification of any federal, state, or local statute or regulation impeding program implementation;

(3) the operation of the school leadership team and its contribution to successful execution of the community school plan;

(4) recommendations for improving delivery of community school programming to students and families;

(5) the number and percentage of students receiving community school programming who had not previously been served;

(6) the number and percentage of nonstudent community members receiving community school programming who had not previously been served;

(7) improvement in retention among students who receive community school programming;

(8) improvement in academic achievement among students who receive community school programming;

(9) changes in student's readiness to enter school, active involvement in learning and in their community, physical, social and emotional health, and student's relationship with the school and community environment;

(10) an accounting of anticipated local budget savings, if any, resulting from the implementation of the program;

(11) improvements to the frequency or depth of families' involvement with their children's education;

(12) assessment of community stakeholder satisfaction;

(13) assessment of institutional partner satisfaction;

(14) the ability, or anticipated ability, of the school site and partners to continue to provide services in the absence of future funding under this section;

(15) increases in access to services for students and their families; and

(16) the degree of increased collaboration among participating agencies and private partners.

(b) Reports submitted under this section ~~shall~~ must be evaluated by the commissioner with respect to the following criteria:

(1) the effectiveness of the school or the community school consortium in implementing the full-service community school plan, including the degree to which the school site navigated difficulties encountered in the design and operation of the full-service community school plan, including identification of any federal, state, or local statute or regulation impeding program implementation;

(2) the extent to which the project has produced lessons about ways to improve delivery of community school programming to students;

(3) the degree to which there has been an increase in the number or percentage of students and nonstudents receiving community school programming;

(4) the degree to which there has been an improvement in retention of students and improvement in academic achievement among students receiving community school programming;

(5) local budget savings, if any, resulting from the implementation of the program;

(6) the degree of community stakeholder and institutional partner engagement;

(7) the ability, or anticipated ability, of the school site and partners to continue to provide services in the absence of future funding under this section;

(8) increases in access to services for students and their families; and

(9) the degree of increased collaboration among participating agencies and private partners.

Sec. 30. Minnesota Statutes 2018, section 124D.34, subdivision 2, is amended to read:

Subd. 2. **Creation of foundation.** There is created the Minnesota Foundation for Student Organizations. The purpose of the foundation is to promote ~~vocational career and technical~~ student organizations and applied leadership opportunities in Minnesota public and nonpublic schools through public-private partnerships. The foundation is a nonprofit organization. The board of directors of the foundation and activities of the foundation are under the direction of the commissioner of education.

Sec. 31. Minnesota Statutes 2018, section 124D.34, subdivision 3, is amended to read:

Subd. 3. **Board of directors.** The board of directors of the Minnesota Foundation for Student Organizations consists of:

(1) seven members appointed by the board of directors of the ~~school-to-work~~ career and technical student organizations and chosen so that each represents one of the following career areas: agriculture, family and consumer sciences, service occupations, health occupations, marketing, business, and technical/industrial;

(2) seven members from business, industry, and labor appointed by the governor to staggered terms and chosen so that each represents one of the following career areas: agriculture, family and consumer sciences, service occupations, health occupations, marketing, business, and technical/industrial;

(3) five students or alumni of ~~school-to-work~~ career and technical student organizations representing diverse career areas, three from secondary student organizations, and two from postsecondary student organizations. The students or alumni shall be appointed by the criteria and process agreed upon by the executive directors of the ~~student-to-work~~ career and technical organizations; and

(4) four members from education appointed by the governor to staggered terms and chosen so that each represents one of the following groups: school district level administrators, secondary school administrators, middle school administrators, and postsecondary administrators.

Executive directors of ~~vocational~~ career and technical education student organizations are ex officio, nonvoting members of the board.

Sec. 32. Minnesota Statutes 2018, section 124D.34, subdivision 4, is amended to read:

Subd. 4. **Foundation programs.** The foundation shall advance applied leadership and intracurricular ~~vocational~~ career and technical learning experiences for students. These may include, but are not limited to:

(1) recognition programs and awards for students demonstrating excellence in applied leadership;

(2) summer programs for student leadership, career development, applied academics, and mentorship programs with business and industry;

(3) recognition programs for teachers, administrators, and others who make outstanding contributions to ~~school-to-work~~ career and technical programs;

(4) outreach programs to increase the involvement of urban and suburban students;

(5) organized challenges requiring cooperation and competition for secondary and postsecondary students;

(6) assistance and training to community teams to increase career awareness and empowerment of youth as community leaders; and

(7) assessment and activities in order to plan for and implement continuous improvement.

To the extent possible, the foundation shall make these programs available to students in all parts of the state.

Sec. 33. Minnesota Statutes 2018, section 124D.34, subdivision 5, is amended to read:

Subd. 5. **Powers and duties.** The foundation may:

(1) identify and plan common goals and priorities for the various ~~school-to-work~~ career and technical student organizations in Minnesota;

(2) publish brochures or booklets relating to the purposes of the foundation and collect reasonable fees for the publications;

(3) seek and receive public and private money, grants, and in-kind services and goods from nonstate sources for the purposes of the foundation, without complying with section 16A.013, subdivision 1;

(4) contract with consultants on behalf of the ~~school-to-work~~ career and technical student organizations;

(5) plan, implement, and expend money for awards and other forms of recognition for ~~school-to-work~~ career and technical student programs; and

(6) identifying an appropriate name for the foundation.

Sec. 34. Minnesota Statutes 2018, section 124D.34, subdivision 8, is amended to read:

Subd. 8. **Public funding.** The state shall identify and secure appropriate funding for the basic staffing of the foundation and individual student ~~school-to-work~~ career and technical student organizations at the state level.

Sec. 35. Minnesota Statutes 2018, section 124D.34, subdivision 12, is amended to read:

Subd. 12. **Student organizations.** Individual boards of ~~vocational~~ career and technical education student organizations shall continue their operations in accordance with section 124D.355 and applicable federal law.

Sec. 36. Minnesota Statutes 2018, section 124D.59, subdivision 2a, is amended to read:

Subd. 2a. **English learner; interrupted formal education.** Consistent with subdivision 2, an English learner includes an English learner with an interrupted formal education who meets three of the following five requirements:

(1) comes from a home where the language usually spoken is other than English, or usually speaks a language other than English;

(2) enters school in the United States after grade 6;

(3) has at least two years less schooling than the English learner's peers;

(4) functions at least two years below expected grade level in reading and mathematics; and

(5) may be preliterate in the English learner's native language.

Sec. 37. Minnesota Statutes 2018, section 124D.68, subdivision 2, is amended to read:

Subd. 2. **Eligible pupils.** (a) A pupil under the age of 21 or who meets the requirements of section 120A.20, subdivision 1, paragraph (c), is eligible to participate in the graduation incentives program, if the pupil:

(1) performs substantially below the performance level for pupils of the same age in a locally determined achievement test;

(2) is behind in satisfactorily completing coursework or obtaining credits for graduation;

(3) is pregnant or is a parent;

(4) has been assessed as chemically dependent;

(5) has been excluded or expelled according to sections 121A.40 to 121A.56;

(6) has been referred by a school district for enrollment in an eligible program or a program pursuant to section 124D.69;

(7) is a victim of physical or sexual abuse;

(8) has experienced mental health problems;

(9) has experienced homelessness sometime within six months before requesting a transfer to an eligible program;

(10) speaks English as a second language or is an English learner;

(11) has withdrawn from school or has been chronically truant; or

(12) is being treated in a hospital in the seven-county metropolitan area for cancer or other life threatening illness or is the sibling of an eligible pupil who is being currently treated, and resides with the pupil's family at least 60 miles beyond the outside boundary of the seven-county metropolitan area.



(b) ~~For fiscal years 2017 and 2018 only,~~ A pupil otherwise qualifying under paragraph (a) who is at least 21 years of age and not yet 22 years of age, and is an English learner with an interrupted formal education according to section 124D.59, subdivision 2a, ~~and was in an early middle college program during the previous school year~~ is eligible to participate in the graduation incentives program under section 124D.68 and in concurrent enrollment courses offered under section 124D.09, subdivision 10, and is funded in the same manner as other pupils under this section.

Sec. 38. Minnesota Statutes 2018, section 124D.78, subdivision 2, is amended to read:

Subd. 2. **Resolution of concurrence.** Prior to March 1, the school board or American Indian school must submit to the department a copy of a resolution adopted by the American Indian education parent advisory committee. The copy must be signed by the chair of the committee and must state whether the committee concurs with the educational programs for American Indian students offered by the school board or American Indian school. If the committee does not concur with the educational programs, the reasons for nonconcurrence and recommendations shall be submitted directly to the school board with the resolution. By resolution, the board must respond in writing within 60 days, in cases of nonconcurrence, to each recommendation made by the committee and state its reasons for not implementing the recommendations.

Sec. 39. Minnesota Statutes 2018, section 124D.83, subdivision 2, is amended to read:

Subd. 2. **Revenue amount.** An American Indian-controlled tribal contract or grant school that is located on a reservation within the state and that complies with the requirements in subdivision 1 is eligible to receive tribal contract or grant school aid. The amount of aid is derived by:

(1) multiplying the formula allowance under section 126C.10, subdivision 2, less \$170, times the difference between (i) the resident pupil units as defined in section 126C.05, subdivision 6, in average daily membership, excluding section 126C.05, subdivision 13, and (ii) the number of pupils for the current school year, weighted according to section 126C.05, subdivision 1, receiving benefits under section 123B.42 or 123B.44 or for which the school is receiving reimbursement under section 124D.69;

(2) adding to the result in clause (1) an amount equal to the product of the formula allowance under section 126C.10, subdivision 2, less \$300 times the tribal contract compensation revenue pupil units;

(3) subtracting from the result in clause (2) the amount of money allotted to the school by the federal government through Indian School Equalization Program of the Bureau of Indian Affairs, according to Code of Federal Regulations, title 25, part 39, subparts A to E, for the basic program as defined by section 39.11, paragraph (b), for the base rate as applied to kindergarten through twelfth grade, excluding small school adjustments and additional weighting, but not money allotted through subparts F to L for contingency funds, school board training, student training, interim maintenance and minor repair, interim administration cost, prekindergarten, and operation and maintenance, and the amount of money that is received according to section 124D.69;

(4) dividing the result in clause (3) by the sum of the resident pupil units in average daily membership, excluding section 126C.05, subdivision 13, plus the tribal contract compensation revenue pupil units; and

(5) multiplying the sum of the resident pupil units, including section 126C.05, subdivision 13, in average daily membership plus the tribal contract compensation revenue pupil units by the lesser of \$3,230 for fiscal ~~years 2016 to year~~ 2019 and ~~\$1,500~~ 51.17 percent of the formula allowance for fiscal year 2020 and later or the result in clause (4).

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2020 and later.

Sec. 40. Minnesota Statutes 2018, section 124D.862, subdivision 1, is amended to read:

Subdivision 1. **Initial achievement and integration revenue.** (a) An eligible district's initial achievement and integration revenue equals the lesser of 100.3 percent of the district's expenditures under the budget approved by the commissioner under section 124D.861, subdivision 3, paragraph (c), excluding expenditures used to generate incentive revenue under subdivision 2, or the sum of (1) \$350 times the district's adjusted pupil units for that year times the ratio of the district's enrollment of protected students for the previous school year to total enrollment for the previous school year and (2) the greater of zero or 66 percent of the difference between the district's integration revenue for fiscal year 2013 and the district's integration revenue for fiscal year 2014 under clause (1).

(b) In each year, an amount equal to 0.3 percent of each district's initial achievement and integration revenue for the second prior fiscal year is transferred to the department for the oversight and accountability activities required under this section and section 124D.861.

Sec. 41. Minnesota Statutes 2018, section 124D.862, subdivision 4, is amended to read:

Subd. 4. **Achievement and integration aid.** For fiscal year 2015 and later, a district's achievement and integration aid equals the sum of 70 percent of its achievement and integration revenue and its achievement and integration equalization aid under subdivision 5a.

Sec. 42. Minnesota Statutes 2018, section 124D.862, subdivision 5, is amended to read:

Subd. 5. **Achievement and integration levy.** (a) A district's achievement and integration levy revenue equals its achievement and integration revenue times 30 percent.

(b) A district's achievement and integration levy equals the product of (1) the achievement and integration levy revenue, times (2) the lesser of one or the ratio of the district's adjusted net tax capacity per adjusted pupil unit to 30 percent of the state average adjusted net tax capacity per adjusted pupil unit.

(c) For Special School District No. 1, Minneapolis; Independent School District No. 625, St. Paul; and Independent School District No. 709, Duluth, 100 percent of the levy certified under this subdivision is shifted into the prior calendar year for purposes of sections 123B.75, subdivision 5, and 127A.441.

Sec. 43. Minnesota Statutes 2018, section 124D.862, is amended by adding a subdivision to read:

Subd. 5a. **Achievement and integration equalization aid.** A district's achievement and integration equalization aid equals the district's achievement and integration levy revenue minus the district's achievement and integration levy. If a district does not levy the entire amount permitted, the achievement and integration equalization aid must be reduced in proportion to the actual amount levied.

Sec. 44. Minnesota Statutes 2018, section 124D.957, subdivision 1, is amended to read:

Subdivision 1. **Establishment and membership.** The Minnesota Youth Council Committee is established within and under the auspices of the Minnesota Alliance With Youth. The committee consists of four members from each congressional district in Minnesota and four members selected at-large. Members must be selected through an application and interview process conducted by the Minnesota Alliance With Youth. In making its appointments, the Minnesota Alliance With Youth should strive to ensure gender and ethnic diversity in the committee's membership. Members must be ~~between the ages of 13 and 19~~ in grades 8 through 12 and serve two-year terms, except that one-half of the initial members must serve a one-year term. Members may serve a maximum of two terms.

Sec. 45. Minnesota Statutes 2018, section 124D.957, is amended by adding a subdivision to read:

Subd. 5. **Funding.** The Minnesota Alliance With Youth may receive annual state appropriations to fund the operations for the Minnesota Youth Council.

Sec. 46. Minnesota Statutes 2018, section 124D.98, is amended by adding a subdivision to read:

Subd. 4. **Medium and high growth.** (a) The definitions in this subdivision apply to this section.

(b) "Medium growth" is an assessment score within one-half standard deviation above or below the average year-two assessment scores for students with similar year-one assessment scores.

(c) "High growth" is an assessment score one-half standard deviation or more above the average year-two assessment scores for students with similar year-one assessment scores.

Sec. 47. Minnesota Statutes 2018, section 124E.11, is amended to read:

#### **124E.11 ADMISSION REQUIREMENTS AND ENROLLMENT.**

Subdivision 1. **Limits on enrollment.** (a) A charter school, including its preschool or prekindergarten program established under section 124E.06, subdivision 3, paragraph (b), may limit admission to:

(1) pupils within an age group or grade level;

(2) pupils who are eligible to participate in the graduation incentives program under section 124D.68; or

(3) residents of a specific geographic area in which the school is located when the majority of students served by the school are members of underserved populations.

Subd. 2. **Timely application; lottery; enrollment preference.** (b) A charter school, including its preschool or prekindergarten program established under section 124E.06, subdivision 3, paragraph (b), shall enroll an eligible pupil who submits a timely application, unless the number of applications exceeds the capacity of a program, class, grade level, or building. In this case, pupils must be accepted by lot. The charter school must develop and publish, including on its website, a lottery policy and process that it must use when accepting pupils by lot.

Subd. 3. **Lottery exceptions.** (a) A charter school shall give enrollment preference to a sibling of an enrolled pupil and to a foster child of that pupil's parents and may give preference for enrolling children of the school's staff before accepting other pupils by lot.

(b) A charter school that is located in Duluth township in St. Louis County and admits students in kindergarten through grade 6 must give enrollment preference to students residing within a five-mile radius of the school and to the siblings of enrolled children.

(c) A charter school may give enrollment preference to children currently enrolled in the school's free preschool or prekindergarten program under section 124E.06, subdivision 3, paragraph (b), who are eligible to enroll in kindergarten in the next school year.

(d) A charter school that is located in Castle Rock Township in Dakota County must give enrollment preference to students residing within a two-mile radius of the school and to the siblings of enrolled children.

**Subd. 4. Age of enrollment.** ~~(d)~~ A person shall not be admitted to a charter school (1) as a kindergarten pupil, unless the pupil is at least five years of age on September 1 of the calendar year in which the school year for which the pupil seeks admission commences; or (2) as a first grade student, unless the pupil is at least six years of age on September 1 of the calendar year in which the school year for which the pupil seeks admission commences or has completed kindergarten; except that a charter school may establish and publish on its website a policy for admission of selected pupils at an earlier age, consistent with the enrollment process in ~~paragraphs (b) and (c)~~ subdivisions 2 and 3.

**Subd. 5. Admission limits not allowed.** ~~(e)~~ Except as permitted in ~~paragraph (d)~~ subdivision 4, a charter school, including its preschool or prekindergarten program established under section 124E.06, subdivision 3, paragraph (b), may not limit admission to pupils on the basis of intellectual ability, measures of achievement or aptitude, or athletic ability and may not establish any criteria or requirements for admission that are inconsistent with this section.

**Subd. 6. Enrollment incentives prohibited.** ~~(f)~~ The A charter school shall not distribute any services or goods of value to students, parents, or guardians as an inducement, term, or condition of enrolling a student in a charter school.

**Subd. 7. Enrollment continues.** ~~(g)~~ Once a student is enrolled in ~~the a charter~~ school, the student is considered enrolled in the school until the student formally withdraws or is expelled under the Pupil Fair Dismissal Act in sections 121A.40 to 121A.56.

**Subd. 8. Prekindergarten pupils.** ~~(h)~~ A charter school with at least 90 percent of enrolled students who are eligible for special education services and have a primary disability of deaf or hard-of-hearing may enroll prekindergarten pupils with a disability under section 126C.05, subdivision 1, paragraph (a), and must comply with the federal Individuals with Disabilities Education Act under Code of Federal Regulations, title 34, section 300.324, subsection (2), clause (iv).

**EFFECTIVE DATE.** This section is effective for enrollment decisions made on or after July 1, 2019.

Sec. 48. Minnesota Statutes 2018, section 124E.13, subdivision 3, is amended to read:

**Subd. 3. Affiliated nonprofit building corporation.** (a) An affiliated nonprofit building corporation may purchase, expand, or renovate an existing facility to serve as a school or may construct a new school facility. An affiliated nonprofit building corporation may only serve one charter school. A charter school may organize an affiliated nonprofit building corporation if the charter school:

- (1) has operated for at least six consecutive years;
  - (2) as of June 30, has a net positive unreserved general fund balance in the preceding three fiscal years;
  - (3) has long-range strategic and financial plans that include enrollment projections for at least five years;
  - (4) completes a feasibility study of facility options that outlines the benefits and costs of each option; and
  - (5) has a plan that describes project parameters and budget.
- (b) An affiliated nonprofit building corporation under this subdivision must:
- (1) be incorporated under section 317A;

(2) comply with applicable Internal Revenue Service regulations, including regulations for "supporting organizations" as defined by the Internal Revenue Service;

(3) post on the school website the name, mailing address, bylaws, minutes of board meetings, and names of the current board of directors of the affiliated nonprofit building corporation;

(4) submit to the commissioner a copy of its annual audit by December 31 of each year; and

(5) comply with government data practices law under chapter 13.

(c) An affiliated nonprofit building corporation must not serve as the leasing agent for property or facilities it does not own. A charter school that leases a facility from an affiliated nonprofit building corporation that does not own the leased facility is ineligible to receive charter school lease aid. The state is immune from liability resulting from a contract between a charter school and an affiliated nonprofit building corporation.

(d) The board of directors of the charter school must ensure the affiliated nonprofit building corporation complies with all applicable legal requirements. The charter school's authorizer must oversee the efforts of the board of directors of the charter school to ensure legal compliance of the affiliated building corporation. A school's board of directors that fails to ensure the affiliated nonprofit building corporation's compliance violates its responsibilities and an authorizer must consider that failure when evaluating the charter school.

Sec. 49. Laws 2016, chapter 189, article 25, section 61, is amended to read:

Sec. 61. **CERTIFICATION INCENTIVE REVENUE.**

Subdivision 1. **Qualifying certificates.** As soon as practicable, the commissioner of education, in consultation with the Governor's Workforce Development Council established under Minnesota Statutes, section 116L.665, and the P-20 education partnership operating under Minnesota Statutes, section 127A.70, must establish the list of qualifying career and technical certificates and post the names of those certificates on the Department of Education's Web site. The certificates must be in fields where occupational opportunities exist.

Subd. 2. **School district participation.** (a) A school board may adopt a policy authorizing its students in grades 9 through 12, including its students enrolled in postsecondary enrollment options courses under Minnesota Statutes, section 124D.09, the opportunity to complete a qualifying certificate. The certificate may be completed as part of a regularly scheduled course.

(b) A school district may register a student for any assessment necessary to complete a qualifying certificate and pay any associated registration fees for its students.

Subd. 3. **Incentive funding.** (a) A school district's career and technical certification aid equals \$500 times the district's number of students enrolled during the current fiscal year who have obtained one or more qualifying certificates during the current fiscal year.

(b) The statewide total certificate revenue must not exceed \$1,000,000. The commissioner must proportionately reduce the initial aid provided under this subdivision so that the statewide aid cap is not exceeded.

Subd. 4. **Reports to the legislature.** (a) The commissioner of education must report to the committees of the legislature with jurisdiction over kindergarten through grade 12 education and higher education by February 1, 2017, on the number and types of certificates authorized for the 2016-2017 school year. The commissioner must also recommend whether the pilot program should be continued.

(b) By February 1, ~~2018~~ 2021, the commissioner of education must report to the committees of the legislature with jurisdiction over kindergarten through grade 12 education and higher education about the number and types of certificates earned by Minnesota's students during the ~~2016-2017~~ prior school year.

Sec. 50. Laws 2016, chapter 189, article 25, section 62, subdivision 15, is amended to read:

Subd. 15. **Certificate incentive funding.** (a) For the certificate incentive program:

\$ <del>1,000,000</del> <u>140,000</u>	. . . . .	2017
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(b) This is a onetime appropriation. This appropriation is available until June 30, 2019. \$860,000 of the initial fiscal year 2017 appropriation is canceled to the general fund on June 30, 2019.

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

Sec. 51. **INNOVATION RESEARCH ZONES PILOT PROGRAM.**

Subdivision 1. **Establishment; requirements for participation; research zone plans.** (a) The innovation research zone pilot program is established to improve student and school outcomes consistent with the world's best workforce requirements under Minnesota Statutes, section 120B.11. Innovation zone partnerships allow school districts and charter schools to research and implement innovative education programming models designed to better prepare students for the world.

(b) One or more school districts or charter schools may join together to form an innovation zone partnership. The partnership may include other nonschool partners, including postsecondary institutions, other units of local government, nonprofit organizations, and for-profit organizations. An innovation zone plan must be collaboratively developed with a school's instructional staff.

(c) An innovation research zone partnership must research and implement innovative education programs and models that are based on proposed hypotheses. An innovation zone plan may include an emerging practice not yet supported by peer-reviewed research. Examples of innovation zone research include:

(1) personalized learning allowing students to excel at their own pace and according to their interests, aspirations, and unique needs;

(2) the use of competency outcomes rather than seat time and course completion to fulfill standards, credits, and other graduation requirements;

(3) multidisciplinary, real-world, inquiry-based, and student-directed models designed to make learning more engaging and relevant, including documenting and validating learning that takes place beyond the school day and school walls;

(4) models of instruction designed to close the achievement gap, including new models for age three to grade 3 models, English as a second language models, early identification and prevention of mental health issues, and others;

(5) partnerships between secondary schools and postsecondary institutions, employers, or career training institutions enabling students to complete industry certifications, postsecondary education credits, and other credentials;

(6) new methods of collaborative leadership including the expansion of schools where teachers have larger professional roles;

(7) new ways to enhance parental and community involvement in learning;

(8) new models of professional development for educators, including embedded professional development; or

(9) new models in other areas such as whole child instruction, social-emotional skill development, technology-based or blended learning, parent and community involvement, professional development and mentoring, and models that increase return on investment.

(d) The governing board for each innovation zone partner must approve an innovation zone plan. An innovation zone plan submitted to the commissioner for approval must describe:

(1) how the plan will improve student and school outcomes consistent with the world's best workforce requirements under Minnesota Statutes, section 120B.11;

(2) the role of each partner in the innovation zone;

(3) the research methodology used for each proposed action in the plan;

(4) the innovation zone partnership's proposed exemptions from statutes and rules under subdivision 2;

(5) how the proposed planning and implementation process includes teachers and other educational staff from the affected school sites;

(6) expected outcomes and graduation standards;

(7) a timeline for implementing the plan and assessing outcomes; and

(8) how results of the plan will be disseminated.

(e) Upon unanimous approval by the initial innovation zone partners and approval by the commissioner of education, the innovation zone partnership may extend membership to other partners. A new partner's membership is effective 30 days after the innovation zone partnership notifies the commissioner of the proposed change in membership, unless the commissioner disapproves the new partner's membership.

(f) Notwithstanding any other law to the contrary, a school district or charter school participating in an innovation zone partnership under this section continues to receive all revenue and maintains its taxation authority in the same manner as prior to participation in the innovation zone partnership. The innovation zone school district and charter school partners remain organized and governed by their respective school boards with general powers under Minnesota Statutes, chapter 123B or 124E, and remain subject to any employment agreements under Minnesota Statutes, chapters 122A and 179A. School district and charter school employees participating in an innovation zone partnership remain employees of their respective school district or charter school.

(g) An innovation zone partnership may submit its plan at any time to the commissioner in the form and manner specified by the commissioner. The commissioner must approve or reject the plan after reviewing the recommendation of the Innovation Research Zone Advisory Panel. An innovation zone partnership may resubmit a previously rejected plan after modifying the plan to meet each individually identified objection.

**Subd. 2. Exemptions from laws and rules.** (a) Notwithstanding any other law to the contrary, an innovation zone partner with an approved plan is exempt from each of the following state education laws and rules specifically identified in its plan:

(1) a law or rule from which a district-created, site-governed school under Minnesota Statutes, section 123B.045, is exempt;

(2) a statute or rule from which the commissioner has exempted another district or charter school, as identified in the list published on the Department of Education's website under subdivision 4, paragraph (b);

(3) online learning program approval under Minnesota Statutes, section 124D.095, subdivision 7, if the school district or charter school offers a course or program online combined with direct access to a teacher for a portion of that course or program;

(4) restrictions on extended time revenue under Minnesota Statutes, section 126C.10, subdivision 2a, for a student who meets the criteria of Minnesota Statutes, section 124D.68, subdivision 2; and

(5) required hours of instruction in a class or subject area for a student who is meeting all competencies consistent with the graduation standards described in the innovation zone plan.

(b) The exemptions under this subdivision must not be construed as exempting an innovation zone partner from the Minnesota Comprehensive Assessments.

**Subd. 3. Innovation Research Zone Advisory Panel.** (a) The commissioner must establish and convene an Innovation Research Zone Advisory Panel to review all innovation zone plans submitted for approval.

(b) The panel must be composed of nine members. The commissioner must appoint one member with expertise in evaluation and research. One member must be appointed by each of the following organizations: Educators for Excellence, Education Minnesota, Minnesota Association of Secondary School Principals, Minnesota Elementary School Principals' Association, Minnesota Association of School Administrators, Minnesota School Boards Association, Minnesota Association of Charter Schools, and the Office of Higher Education.

**Subd. 4. Commissioner approval.** (a) Upon recommendation of the Innovation Research Zone Advisory Panel, the commissioner may approve up to three innovation zone plans in the seven-county metropolitan area and up to three in greater Minnesota. If an innovation zone partnership fails to implement its innovation zone plan as described in its application and according to the stated timeline, upon recommendation of the Innovation Research Zone Advisory Panel, the commissioner must alert the partnership members and provide the opportunity to remediate. If implementation continues to fail, the commissioner must suspend or terminate the innovation zone plan.

(b) The commissioner must publish a list of the exemptions granted to a district or charter school on the Department of Education's website by July 1, 2020. The list must be updated annually.

**Subd. 5. Project evaluation; dissemination; report to legislature.** Each innovation zone partnership must submit project data to the commissioner in the form and manner provided for in the approved application. At least once every two years, the commissioner must analyze each innovation zone's progress in meeting the objectives of the innovation zone plan. The commissioner must summarize and categorize innovation zone plans and submit a report to the legislative committees having jurisdiction over education by February 1 of each odd-numbered year in accordance with Minnesota Statutes, section 3.195.



Sec. 52. **RURAL CAREER AND TECHNICAL EDUCATION CONSORTIUM GRANTS.**

**Subdivision 1. Definition.** "Rural career and technical education (CTE) consortium" means a voluntary collaboration of a service cooperative and other regional public and private partners, including school districts and higher education institutions, that work together to provide career and technical education opportunities within the service cooperative's multicounty service area.

**Subd. 2. Establishment.** (a) A rural CTE consortium shall:

(1) focus on the development of courses and programs that encourage collaboration between two or more school districts;

(2) develop new career and technical programs that focus on industry sectors that fuel the rural regional economy;

(3) facilitate the development of highly trained and knowledgeable students who are equipped with technical and workplace skills needed by regional employers;

(4) improve access to career and technical education programs for students who attend sparsely populated rural school districts by developing public and private partnerships with business and industry leaders and by increasing coordination of high school and postsecondary program options;

(5) increase family and student awareness of the availability and benefit of career and technical education courses and training opportunities; and

(6) provide capital start-up costs for items including but not limited to a mobile welding lab, medical equipment and lab, and industrial kitchen equipment.

(b) In addition to the requirements in paragraph (a), a rural CTE consortium may:

(1) address the teacher shortage in career and technical education through incentive funding and training programs; and

(2) provide transportation reimbursement grants to provide equitable opportunities throughout the region for students to participate in career and technical education.

**Subd. 3. Rural career and technical education advisory committee.** In order to be eligible for a grant under this section, a service cooperative must establish a rural career and technical education advisory committee to advise the cooperative on administering the rural CTE consortium.

**Subd. 4. Private funding.** A rural CTE consortium may receive other sources of funds to supplement state funding. All funds received shall be administered by a service cooperative that is a member of the consortium.

**Subd. 5. Reporting requirements.** A rural CTE consortium must submit an annual report on the progress of its activities to the commissioner of education and the legislative committees with jurisdiction over secondary and postsecondary education. The annual report must contain a financial report for the preceding fiscal year. The first report is due no later than January 15, 2021.

**Subd. 6. Grant recipients.** For fiscal years 2020 and 2021, the commissioner shall award a two-year grant to the consortium that is a collaboration of the Southwest/West Central Service Cooperative (SWWC), Southwest Minnesota State University, Minnesota West Community and Technical College, Ridgewater College, and other

regional public and private partners. For fiscal years 2020 and 2021, the commissioner shall award a two-year grant to an applicant consortium that includes the South Central Service Cooperative or Southeast Service Cooperative and a two-year grant to an applicant consortium that includes the Northwest Service Cooperative or Northeast Service Cooperative.

Sec. 53. **VOCATIONAL ENRICHMENT PROGRAM.**

Subdivision 1. **Vocational enrichment program.** A school district or charter school may establish a vocational enrichment program that operates outside of the regular school day, including over weekends or the summer, to provide instruction in vocational courses focused on construction trades and welding. The district must first offer the program to enrolled secondary students but may broaden registration to others if space permits.

Subd. 2. **Vocational enrichment grants.** (a) A school district must apply for a vocational enrichment grant in the form and manner specified by the commissioner. The maximum amount of a vocational enrichment grant equals the product of:

(1) \$5,117;

(2) 1.2;

(3) the number of students participating in the program; and

(4) the ratio of the actual hours of service provided to each student to 1,020.

(b) If applications for funding exceed the amount appropriated for the program, the commissioner must prioritize grants to welding and construction trades programs.

Subd. 3. **Reporting.** By February 15 of each year following the receipt of a grant, a school district must report on its website and to the commissioner of education on the courses funded through the grant, the demographics of the participants in the program, and the outcome for course participants.

**EFFECTIVE DATE.** This section is effective July 1, 2019.

Sec. 54. **BRECKENRIDGE SCHOOL DISTRICT.**

Notwithstanding Minnesota Statutes, section 124D.09, subdivision 3, Independent School District No. 846, Breckenridge, may enter into an agreement under Minnesota Statutes, section 124D.09, subdivision 10, with a higher education institution located outside of the state of Minnesota but within four miles of the high school. The higher education institution is an eligible institution only for the purposes of providing a postsecondary enrollment options program under Minnesota Statutes, section 124D.09.

Sec. 55. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

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

<u>\$80,589,000</u>	.....	<u>2020</u>
<u>\$83,436,000</u>	.....	<u>2021</u>

The 2020 appropriation includes \$7,059,000 for 2019 and \$73,530,000 for 2020.

The 2021 appropriation includes \$8,170,000 for 2020 and \$75,266,000 for 2021.

Subd. 3. **Interdistrict desegregation or integration transportation grants.** For interdistrict desegregation or integration transportation grants under Minnesota Statutes, section 124D.87:

<u>\$13,874,000</u>	.....	<u>2020</u>
<u>\$14,589,000</u>	.....	<u>2021</u>

Subd. 4. **Literacy incentive aid.** For literacy incentive aid under Minnesota Statutes, section 124D.98:

<u>\$45,304,000</u>	.....	<u>2020</u>
<u>\$45,442,000</u>	.....	<u>2021</u>

The 2020 appropriation includes \$4,582,000 for 2019 and \$40,722,000 for 2020.

The 2021 appropriation includes \$4,524,000 for 2020 and \$40,918,000 for 2021.

Subd. 5. **Tribal contract school aid.** For tribal contract school aid under Minnesota Statutes, section 124D.83:

<u>\$3,321,000</u>	.....	<u>2020</u>
<u>\$3,819,000</u>	.....	<u>2021</u>

The 2020 appropriation includes \$299,000 for 2019 and \$3,022,000 for 2020.

The 2021 appropriation includes \$335,000 for 2020 and \$3,484,000 for 2021.

Subd. 6. **American Indian education aid.** For American Indian education aid under Minnesota Statutes, section 124D.81, subdivision 2a:

<u>\$9,515,000</u>	.....	<u>2020</u>
<u>\$9,673,000</u>	.....	<u>2021</u>

The 2020 appropriation includes \$960,000 for 2019 and \$8,555,000 for 2020.

The 2021 appropriation includes \$950,000 for 2020 and \$8,723,000 for 2021.

Subd. 7. **Tribal Nations Education Committee.** (a) For a grant to the Tribal Nations Education Committee under Minnesota Statutes, section 124D.79:

<u>\$150,000</u>	.....	<u>2020</u>
<u>\$150,000</u>	.....	<u>2021</u>

(b) Any balance in the first year does not cancel but is available in the second year.

**Subd. 8. ServeMinnesota program.** For funding ServeMinnesota programs under Minnesota Statutes, sections 124D.37 to 124D.45:

<u>\$900,000</u>	.....	<u>2020</u>
<u>\$900,000</u>	.....	<u>2021</u>

A grantee organization may provide health and child care coverage to the dependents of each participant enrolled in a full-time ServeMinnesota program to the extent such coverage is not otherwise available. Any balance in the first year does not cancel but is available in the second year.

**Subd. 9. Early childhood literacy programs.** (a) For early childhood literacy programs under Minnesota Statutes, section 119A.50, subdivision 3:

<u>\$7,950,000</u>	.....	<u>2020</u>
<u>\$7,950,000</u>	.....	<u>2021</u>

(b) Up to \$7,950,000 each year is for leveraging federal and private funding to support AmeriCorps members serving in the Minnesota reading corps program established by ServeMinnesota, including costs associated with training and teaching early literacy skills to children ages three through grade 3 and evaluating the impact of the program under Minnesota Statutes, sections 124D.38, subdivision 2, and 124D.42, subdivision 6.

(c) Any balance in the first year does not cancel but is available in the second year.

**Subd. 10. Minnesota math corps program.** (a) For the Minnesota math corps program under Minnesota Statutes, section 124D.42, subdivision 9:

<u>\$1,000,000</u>	.....	<u>2020</u>
<u>\$1,000,000</u>	.....	<u>2021</u>

(b) Any balance in the first year does not cancel but is available in the second year. The base funding in fiscal year 2022 and later is \$500,000.

**Subd. 11. ServeMinnesota programs at tribal contract and grant schools.** (a) For grants to ServeMinnesota to enhance reading and math corps programming at American Indian-controlled tribal contract and grant schools eligible for aid under Minnesota Statutes, section 124D.83:

<u>\$416,000</u>	.....	<u>2020</u>
<u>\$416,000</u>	.....	<u>2021</u>

(b) Any balance in the first year does not cancel but is available in the second year.

**Subd. 12. Student organizations.** (a) For student organizations:

<u>\$768,000</u>	.....	<u>2020</u>
<u>\$768,000</u>	.....	<u>2021</u>

(b) \$46,000 each year is for student organizations serving health occupations (HOSA).

(c) \$100,000 each year is for student organizations serving trade and industry occupations (Skills USA, secondary and postsecondary).

(d) \$95,000 each year is for student organizations serving business occupations (BPA, secondary and postsecondary).

(e) \$193,000 each year is for student organizations serving agriculture occupations (FFA, PAS).

(f) \$185,000 each year is for student organizations serving family and consumer science occupations (FCCLA). Notwithstanding Minnesota Rules, part 3505.1000, subparts 28 and 31, the student organizations serving FCCLA shall continue to serve students younger than grade 9.

(g) \$109,000 each year is for student organizations serving marketing occupations (DECA and DECA collegiate).

(h) \$40,000 each year is for the Minnesota Foundation for Student Organizations.

(i) Any balance in the first year does not cancel but is available in the second year.

**Subd. 13. Museums and education centers.** (a) For grants to museums and education centers:

<u>\$591,000</u>	.....	<u>2020</u>
<u>\$591,000</u>	.....	<u>2021</u>

(b) \$319,000 each year is for the Minnesota Children's Museum. Of the amount in this paragraph, \$50,000 each year is for the Minnesota Children's Museum, Rochester.

(c) \$50,000 each year is for the Duluth Children's Museum.

(d) \$41,000 each year is for the Minnesota Academy of Science.

(e) \$50,000 each year is for the Headwaters Science Center.

(f) \$31,000 each year is for the Children's Discovery Museum in Grand Rapids.

(g) \$50,000 each year is for the Children's Museum of Southern Minnesota.

(h) \$50,000 each year is for The Works Museum.

(i) To the extent practicable, grant recipients must prioritize grant proceeds to expand access to museum and education center programs for low-income families and other underserved populations.

(j) Any balance in the first year does not cancel but is available in the second year.

**Subd. 14. Starbase MN.** (a) For a grant to Starbase MN for a rigorous science, technology, engineering, and math (STEM) program providing students in grades 4 through 6 with a multisensory learning experience and a hands-on curriculum in an aerospace environment using state-of-the-art technology:

<u>\$500,000</u>	.....	<u>2020</u>
<u>\$500,000</u>	.....	<u>2021</u>

(b) Any balance in the first year does not cancel but is available in the second year.

Subd. 15. **Recovery program grants.** (a) For recovery program grants under Minnesota Statutes, section 124D.695:

<u>\$750,000</u>	.....	<u>2020</u>
<u>\$750,000</u>	.....	<u>2021</u>

(b) Any balance in the first year does not cancel but is available in the second year.

Subd. 16. **Minnesota Principals Academy.** (a) For grants to the University of Minnesota College of Education and Human Development for the operation of the Minnesota Principals Academy:

<u>\$250,000</u>	.....	<u>2020</u>
<u>\$250,000</u>	.....	<u>2021</u>

(b) Of these amounts, \$50,000 must be used to pay the costs of attendance for principals and school leaders from schools identified for intervention under the state's accountability system as implemented to comply with the federal Every Student Succeeds Act. To the extent funds are available, the Department of Education is encouraged to use up to \$200,000 of federal Title II funds to support additional participation in the Principals Academy by principals and school leaders from schools identified for intervention under the state's accountability system as implemented to comply with the federal Every Student Succeeds Act.

(c) Any balance in the first year does not cancel but is available in the second year.

Subd. 17. **Charter school building lease aid.** For building lease aid under Minnesota Statutes, section 124E.22:

<u>\$85,450,000</u>	.....	<u>2020</u>
<u>\$91,064,000</u>	.....	<u>2021</u>

The 2020 appropriation includes \$8,021,000 for 2019 and \$77,429,000 for 2020.

The 2021 appropriation includes \$8,603,000 for 2020 and \$82,461,000 for 2021.

Subd. 18. **Statewide testing and reporting system.** (a) For the statewide testing and reporting system under Minnesota Statutes, section 120B.30:

<u>\$10,892,000</u>	.....	<u>2020</u>
<u>\$10,877,000</u>	.....	<u>2021</u>

(b) Any balance in the first year does not cancel but is available in the second year. The base for this appropriation in 2022 is \$10,892,000.

Subd. 19. **Certificate incentive funding.** (a) For the certificate incentive program under Laws 2016, chapter 189, article 25, section 61:

<u>\$860,000</u>	.....	<u>2020</u>
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(b) This is a onetime appropriation.

(c) Any balance in the first year does not cancel but is available in the second year.

**Subd. 20. Examination fees; teacher training and support programs.** (a) For students' advanced placement and international baccalaureate examination fees under Minnesota Statutes, section 120B.13, subdivision 3, and the training and related costs for teachers and other interested educators under Minnesota Statutes, section 120B.13, subdivision 1:

<u>\$4,500,000</u>	<u>.....</u>	<u>2020</u>
<u>\$4,500,000</u>	<u>.....</u>	<u>2021</u>

(b) The advanced placement program shall receive 75 percent of the appropriation each year and the international baccalaureate program shall receive 25 percent of the appropriation each year. The department, in consultation with representatives of the advanced placement and international baccalaureate programs selected by the Advanced Placement Advisory Council and International Baccalaureate Minnesota, respectively, shall determine the amounts of the expenditures each year for examination fees and training and support programs for each program.

(c) Notwithstanding Minnesota Statutes, section 120B.13, subdivision 1, at least \$500,000 each year is for teachers to attend subject matter summer training programs and follow-up support workshops approved by the advanced placement or international baccalaureate programs. The amount of the subsidy for each teacher attending an advanced placement or international baccalaureate summer training program or workshop shall be the same. The commissioner shall determine the payment process and the amount of the subsidy.

(d) The commissioner shall pay all examination fees for all students of low-income families under Minnesota Statutes, section 120B.13, subdivision 3, and to the extent of available appropriations, shall also pay examination fees for students sitting for an advanced placement examination, international baccalaureate examination, or both.

(e) Any balance in the first year does not cancel but is available in the second year.

**Subd. 21. Grants to increase science, technology, engineering, and math course offerings.** (a) For grants to schools to encourage low-income and other underserved students to participate in advanced placement and international baccalaureate programs according to Minnesota Statutes, section 120B.132:

<u>\$250,000</u>	<u>.....</u>	<u>2020</u>
<u>\$250,000</u>	<u>.....</u>	<u>2021</u>

(b) Any balance in the first year does not cancel but is available in the second year.

**Subd. 22. Rural career and technical education consortium.** (a) For rural career and technical education consortium grants:

<u>\$3,000,000</u>	<u>.....</u>	<u>2020</u>
<u>\$3,000,000</u>	<u>.....</u>	<u>2021</u>

(b) Any balance in the first year does not cancel but is available in the second year.

**Subd. 23. Grants to support students experiencing homelessness.** (a) To provide grants to eligible school districts in order to address the needs of students experiencing homelessness:

<u>\$500,000</u>	<u>.....</u>	<u>2020</u>
<u>\$500,000</u>	<u>.....</u>	<u>2021</u>

(b) The department may retain up to five percent of the appropriation to monitor and administer the grant program. Any balance in the first year does not cancel but is available in the second year.

Subd. 24. **Minnesota Center for the Book programming.** (a) For grants to the entity designated by the Library of Congress as the Minnesota Center for the Book to provide statewide programming related to the Minnesota Book Awards and for additional programming throughout the state related to the Center for the Book designation:

<u>\$125,000</u>	.....	<u>2020</u>
<u>\$125,000</u>	.....	<u>2021</u>

(b) Any balance in the first year does not cancel but is available in the second year.

Subd. 25. **Concurrent enrollment aid.** (a) For concurrent enrollment aid under Minnesota Statutes, section 124D.091:

<u>\$7,000,000</u>	.....	<u>2020</u>
<u>\$7,000,000</u>	.....	<u>2021</u>

(b) If the appropriation is insufficient, the commissioner must proportionately reduce the aid payment to each school district.

(c) The base for fiscal year 2022 is \$8,000,000.

Subd. 26. **Full-service community schools.** (a) For full-service community schools under Minnesota Statutes, section 124D.231:

<u>\$7,500,000</u>	.....	<u>2020</u>
<u>\$7,500,000</u>	.....	<u>2021</u>

(b) Up to \$50,000 each year is for administration of this program. Any balance in the first year does not cancel but is available in the second year.

(c) The base for fiscal year 2022 is \$12,500,000.

Subd. 27. **ConnectZ program.** (a) For a grant to Girl Scouts River Valleys as fiscal agent for Girl Scout councils serving Minnesota residents providing innovative, culturally responsive programming to underrepresented, underresourced girls in kindergarten through grade 12, including programming relating to healthy relationships; science, technology, engineering, and math; financial literacy; career and college readiness; and leadership development and service learning:

<u>\$1,400,000</u>	.....	<u>2020</u>
<u>\$1,400,000</u>	.....	<u>2021</u>

(b) By February 15 following each fiscal year of the grant, the grantee must submit a report detailing expenditures and outcomes of the grant-supported programs to the commissioner of education and the chairs and ranking minority members of the legislative committees with primary jurisdiction over kindergarten through grade 12 education policy and finance. The report must, at least:

(1) provide self-reported free and reduced-price lunch status and self-reported demographic information for the girls participating in programs funded by this grant;



(2) report participants' average program contacts in the areas of healthy relationships; science, technology, engineering, and math; financial literacy; career and college readiness; and leadership development and service learning;

(3) identify the number and proportion of high school program participants who report they are confident they will attend college;

(4) report the number and proportion of grade 12 participants who apply to a postsecondary institution; and

(5) to the extent possible, verify the number and percentage of participants who actually enroll in a postsecondary institution.

(c) Any balance in the first year does not cancel but is available in the second year.

(d) The base for fiscal year 2022 is zero.

Subd. 28. **Civics education grants.** (a) For grants to the Minnesota Civic Education Coalition, Minnesota Civic Youth, Learning Law and Democracy Foundation, and YMCA Youth in Government to provide civics education programs for Minnesota youth ages 18 and younger:

<u>\$125,000</u>	.....	<u>2020</u>
<u>\$125,000</u>	.....	<u>2021</u>

(b) Civics education means the study of constitutional principles and the democratic foundation of our national, state, and local institutions, and the study of political processes and structures of government, grounded in the understanding of constitutional government under the rule of law.

(c) Any balance in the first year does not cancel but is available in the second year.

Subd. 29. **After-school community learning programs.** (a) For grants for after-school community learning programs under Minnesota Statutes, section 124D.2211:

<u>\$2,000,000</u>	.....	<u>2020</u>
<u>\$2,000,000</u>	.....	<u>2021</u>

(b) Any balance in the first year does not cancel but is available in the second year. The base for fiscal year 2022 is \$2,500,000.

(c) The commissioner of education may retain up to two percent of the appropriation amount to administer the grant program.

(d) The commissioner of education may use up to five percent of the appropriation amount in each fiscal year to monitor the grant and provide technical assistance to grant recipients under Minnesota Statutes, section 124D.2211, subdivision 4. The commissioner must use 2.5 percent of the appropriation amount to contract with Ignite Afterschool to provide technical assistance to grant recipients under Minnesota Statutes, section 124D.2211, subdivision 4, paragraph (b).

Subd. 30. **Vocational enrichment grants.** (a) For vocational enrichment grants to school districts and charter schools:

<u>\$100,000</u>	<u>.....</u>	<u>2020</u>
<u>\$100,000</u>	<u>.....</u>	<u>2021</u>

(b) Of the amounts in paragraph (a), \$50,000 in each year is for a grant to Independent School District No. 2752, Fairmont.

Subd. 31. **Minnesota Youth Council.** (a) For grants to the Minnesota Alliance With Youth for the activities of the Minnesota Youth Council:

<u>\$250,000</u>	<u>.....</u>	<u>2020</u>
<u>\$250,000</u>	<u>.....</u>	<u>2021</u>

(b) Any balance in the first year does not cancel but is available in the second year.

Sec. 56. **REPEALER.**

Minnesota Statutes 2018, section 120B.299, is repealed.

### ARTICLE 3 TEACHERS

#### Section 1. **[120B.113] INCLUSIVE SCHOOL ENHANCEMENT GRANTS.**

Subdivision 1. **Grant program established.** The commissioner must establish a grant program to support implementation of world's best workforce strategies under section 120B.11, subdivision 2, clauses (4) and (6), to support collaborative efforts to make school climate and curriculum more inclusive and respectful toward all students, families, and employees, especially those of diverse racial and ethnic backgrounds.

Subd. 2. **Applications and grant awards.** The commissioner must determine application procedures and deadlines, select schools to participate in the grant program, and determine the payment process and amount of the grants. To the extent there are sufficient applications, the commissioner should award an approximately equal number of grants between districts in greater Minnesota and those in the Twin Cities metropolitan area. If there are an insufficient number of applications received for either geographic area, the commissioner may award grants to meet the requests for funds wherever a district is located.

Subd. 3. **Description.** The grant program must provide funding that supports collaborative efforts to make schools' curricula and learning and work environments more inclusive and respectful of students' racial and ethnic diversity and to address issues of structural inequities in schools that create opportunity gaps and achievement gaps for students, families, and staff who are of color or who are American Indian, consistent with the requirements for long-term plans under section 124D.861, subdivision 2, paragraph (c).

Subd. 4. **Report.** Grant recipients must annually report to the commissioner by a date and in a form and manner determined by the commissioner on efforts planned and implemented that engaged students, families, educators, and community members of diverse racial and ethnic backgrounds in making improvements to school climate and curriculum. The report must assess the impact of those efforts as perceived by racially and ethnically diverse stakeholders as well as the areas needed for further continuous improvement.

**EFFECTIVE DATE.** This section is effective July 1, 2019.

**Sec. 2. [120B.117] INCREASING THE PERCENTAGE OF TEACHERS OF COLOR AND AMERICAN INDIAN TEACHERS IN MINNESOTA.**

Subdivision 1. Purpose. This section sets a goal for increasing the percentage of teachers of color and American Indian teachers in Minnesota to increase access to effective teachers who reflect the diversity of students.

Subd. 2. Equitable access to diverse teachers. The percentage of teachers of color or American Indian teachers in Minnesota should increase at least two percentage points per year to have a teaching workforce that more closely reflects the student population and increase access to effective and diverse teachers by 2040.

Subd. 3. Rights not created. The attainment goal in this section is not to the exclusion of any other goals and does not confer a right or create a claim for any person.

Subd. 4. Reporting. (a) By October 1, 2019, and each odd-numbered year thereafter, the Professional Educator Licensing and Standards Board must report on progress toward achieving the goal adopted under this section. The board must submit the report to the chairs and ranking minority members of the legislative committees with jurisdiction over kindergarten through grade 12 education and higher education policy and finance in accordance with section 3.195. The report must be available to the public on the board's website. The board must report on the effectiveness of state-funded programs to increase the recruitment, preparation, licensing, hiring, and retention of racially and ethnically diverse teachers and the state's progress toward meeting or exceeding the goals of this section. The board must consult with the four ethnic councils under sections 3.922 and 15.0145, along with other community and stakeholder groups, including students of color, in developing the report.

(b) The board must collaborate with the Department of Education and the Office of Higher Education to summarize reports from the programs each agency administers and any other programs receiving state appropriations with an explicit purpose of increasing the racial and ethnic diversity of the state's teacher workforce to more closely reflect the diversity of students. The report must include programs under sections 120B.113, 122A.2451, 122A.59, 122A.63, 122A.635, 122A.685, 122A.70, 124D.09, 124D.861, 136A.1275, and 136A.1791 along with any other programs or initiatives that receive state appropriations to address the shortage of teachers of color and American Indian teachers.

(c) The report must include recommendations for state policy and funding needed to achieve the goals of this section, plans for sharing the report and activities of grant recipients, and opportunities among grant recipients of various programs to share effective practices with each other. The 2019 report must include a recommendation on whether a state advisory council should be established to address the shortage of racially and ethnically diverse teachers and the composition and charge of such an advisory council if established.

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

**Sec. 3. [122A.04] CODE OF ETHICS FOR TEACHERS.**

Subdivision 1. Scope. Each teacher, upon entering the teaching profession, assumes a number of obligations, one of which is to adhere to principles that define professional conduct. These principles are reflected in the code of ethics in subdivision 2, which sets forth to the education profession and the public it serves the standards of professional conduct and procedures for implementation. This code applies to all persons licensed according to rules established by the Professional Educator Licensing and Standards Board.

Subd. 2. Standards of professional conduct. (a) A teacher must provide professional education services in a nondiscriminatory manner.

(b) A teacher must make reasonable effort to protect a student from conditions harmful to health and safety.

(c) In accordance with state and federal laws, a teacher must disclose confidential information about individuals only when a compelling professional purpose is served or when required by law.

(d) A teacher must take reasonable disciplinary action in exercising the authority to provide an atmosphere conducive to learning.

(e) A teacher must not use a professional relationship with a student, parent, or colleague to private advantage.

(f) A teacher must delegate authority for teaching responsibilities only to licensed personnel.

(g) A teacher must not deliberately suppress or distort subject matter.

(h) A teacher must not knowingly falsify or misrepresent records or facts relating to the teacher's own qualifications or other teachers' qualifications.

(i) A teacher must not knowingly make a false or malicious statement about a student or colleague.

(j) A teacher must accept a contract for a teaching position that requires licensing only if properly or provisionally licensed for that position.

(k) A teacher must not engage in any sexual conduct or contact with a student.

Sec. 4. Minnesota Statutes 2018, section 122A.06, subdivision 2, is amended to read:

Subd. 2. **Teacher.** "Teacher" means a classroom teacher or other similar professional employee required to hold a license or permission from the Professional Educator Licensing and Standards Board.

Sec. 5. Minnesota Statutes 2018, section 122A.06, subdivision 5, is amended to read:

Subd. 5. **Field.** A "field," "licensure area," or "subject area" means the content area in which a teacher may become licensed to teach.

Sec. 6. Minnesota Statutes 2018, section 122A.06, subdivision 7, is amended to read:

Subd. 7. **Teacher preparation program.** "Teacher preparation program" means a program approved by the Professional Educator Licensing and Standards Board for the purpose of preparing individuals for a specific teacher licensure field in Minnesota. ~~Teacher preparation programs include traditional programs delivered by postsecondary institutions, alternative teacher preparation programs, and nonconventional teacher preparation programs.~~

Sec. 7. Minnesota Statutes 2018, section 122A.06, subdivision 8, is amended to read:

Subd. 8. **Teacher preparation program provider.** "Teacher preparation program provider" or "unit" means an entity that has primary responsibility for overseeing and delivering a teacher preparation program. Teacher preparation program providers include postsecondary institutions and alternative teacher preparation providers aligned to section 122A.2451.

Sec. 8. Minnesota Statutes 2018, section 122A.07, subdivision 1, is amended to read:

Subdivision 1. **Appointment of members.** The Professional Educator Licensing and Standards Board consists of ~~14~~ 13 members appointed by the governor, with the advice and consent of the senate. Membership terms, compensation of members, removal of members, the filling of membership vacancies, and fiscal year and reporting requirements are as provided in sections 214.07 to 214.09. No member may be reappointed for more than one additional term.

Sec. 9. Minnesota Statutes 2018, section 122A.07, subdivision 2, is amended to read:

Subd. 2. **Eligibility; board composition.** Each nominee, other than a public nominee, must be selected on the basis of professional experience and knowledge of teacher education, accreditation, and licensure. The board must be composed of:

(1) ~~six~~ seven teachers who are currently teaching in a Minnesota school or who were teaching at the time of the appointment, have at least five years of teaching experience, and were not serving in an administrative function at a school district or school when appointed. The ~~six~~ seven teachers must include the following:

(i) one teacher in a charter school;

(ii) one teacher from the seven-county metropolitan area, as defined in section 473.121, subdivision 2;

(iii) one teacher from outside the seven-county metropolitan area;

(iv) one teacher from a related service category licensed by the board;

(v) one special education teacher; and

(vi) two teachers that represent current or emerging trends in education;

~~(vi)~~ (2) one teacher from educator currently teaching in a Minnesota-approved teacher preparation program; who has previously taught for at least five years in a birth through grade 12 setting;

~~(2)~~ (3) one superintendent that alternates each term between a superintendent from the seven-county metropolitan area, as defined in section 473.121, subdivision 2, and a superintendent from outside the metropolitan area;

~~(3)~~ (4) one school district human resources director;

~~(4)~~ (5) one administrator of a cooperative unit under section 123A.24, subdivision 2, who oversees a special education program and who has previously taught for at least five years in a birth through grade 12 setting;

~~(5)~~ (6) one principal that alternates each term between an elementary and a secondary school principal; and

~~(6)~~ (7) one member of the public that may be a current or former school board member.

Sec. 10. Minnesota Statutes 2018, section 122A.07, subdivision 4a, is amended to read:

Subd. 4a. **Administration.** (a) The executive director of the board ~~shall~~ must be the chief administrative officer for the board but ~~shall~~ must not be a member of the board. The executive director ~~shall~~ must maintain the records of the board, account for all fees received by the board, supervise and direct employees servicing the board, and perform other services as directed by the board.

(b) The Department of Administration must provide administrative support in accordance with section 16B.371. The commissioner of administration must assess the board for services it provides under this section.

~~(c) The Department of Education must provide suitable offices and other space to the board at reasonable cost until January 1, 2020. Thereafter, the board may contract with either the Department of Education or the Department of Administration for the provision of suitable offices and other space, joint conference and hearing facilities, and examination rooms.~~

Sec. 11. Minnesota Statutes 2018, section 122A.07, is amended by adding a subdivision to read:

**Subd. 6. Public employer compensation reduction prohibited.** The public employer of a member must not reduce the member's compensation or benefits for the member's absence from employment when engaging in the business of the board.

Sec. 12. Minnesota Statutes 2018, section 122A.09, subdivision 9, is amended to read:

**Subd. 9. Professional Educator Licensing and Standards Board must adopt rules.** (a) The Professional Educator Licensing and Standards Board must adopt rules subject to the provisions of chapter 14 to implement sections 120B.363, 122A.05 to 122A.09, 122A.092, 122A.16, 122A.17, 122A.18, 122A.181, 122A.182, 122A.183, 122A.184, 122A.185, 122A.187, 122A.188, 122A.20, 122A.21, 122A.23, 122A.2451, 122A.26, 122A.28, and 122A.29.

(b) The board must adopt rules relating to fields of licensure, including a process for granting permission to a licensed teacher to teach in a field that is different from the teacher's field of licensure without change to the teacher's license tier level.

(c) The board must adopt rules relating to the grade levels that a licensed teacher may teach.

(d) If a rule adopted by the board is in conflict with a session law or statute, the law or statute prevails. Terms adopted in rule must be clearly defined and must not be construed to conflict with terms adopted in statute or session law.

(e) The board must include a description of a proposed rule's probable effect on teacher supply and demand in the board's statement of need and reasonableness under section 14.131.

(f) The board must adopt rules only under the specific statutory authority.

Sec. 13. Minnesota Statutes 2018, section 122A.091, subdivision 1, is amended to read:

**Subdivision 1. Teacher and administrator preparation and performance data; report.** (a) The Professional Educator Licensing and Standards Board and the Board of School Administrators, in cooperation with board-adopted teacher or administrator preparation programs, annually must collect and report summary data on teacher and administrator preparation and performance outcomes, consistent with this subdivision. The Professional Educator Licensing and Standards Board and the Board of School Administrators annually by June 1 must update and post the reported summary preparation and performance data on teachers and administrators from the preceding school years on a website hosted jointly by the boards.

(b) Publicly reported summary data on teacher preparation programs must include:

(1) student entrance requirements for each Professional Educator Licensing and Standards Board-approved program, including grade point average for enrolling students in the preceding year;

(2) the average board-adopted skills examination or ACT or SAT scores of students entering the program in the preceding year;

(3) summary data on faculty qualifications, including at least the content areas of faculty undergraduate and graduate degrees and their years of experience either as kindergarten through grade 12 classroom teachers or school administrators;

(4) the average time resident and nonresident program graduates in the preceding year needed to complete the program;

(5) the current number and percentage of students by program who graduated, received a standard Minnesota teaching license, and were hired to teach full time in their licensure field in a Minnesota district or school in the preceding year disaggregated by race, except when disaggregation would not yield statistically reliable results or would reveal personally identifiable information about an individual;

(6) the number of content area credits and other credits by undergraduate program that students in the preceding school year needed to complete to graduate;

(7) students' pass rates on skills and subject matter exams required for graduation in each program and licensure area in the preceding school year;

(8) survey results measuring student and graduate program completer satisfaction with the program in the preceding school year disaggregated by race, except when disaggregation would not yield statistically reliable results or would reveal personally identifiable information about an individual;

(9) a standard measure of the satisfaction of school principals or supervising teachers with the student teachers program completer assigned to a school or supervising teacher; and

(10) information under subdivision 3, paragraphs (a) and (b).

Program reporting must be consistent with subdivision 2.

(c) Publicly reported summary data on administrator preparation programs approved by the Board of School Administrators must include:

(1) summary data on faculty qualifications, including at least the content areas of faculty undergraduate and graduate degrees and the years of experience either as kindergarten through grade 12 classroom teachers or school administrators;

(2) the average time program graduates in the preceding year needed to complete the program;

(3) the current number and percentage of students who graduated, received a standard Minnesota administrator license, and were employed as an administrator in a Minnesota school district or school in the preceding year disaggregated by race, except when disaggregation would not yield statistically reliable results or would reveal personally identifiable information about an individual;

(4) the number of credits by graduate program that students in the preceding school year needed to complete to graduate;

(5) survey results measuring student, graduate, and employer satisfaction with the program in the preceding school year disaggregated by race, except when disaggregation would not yield statistically reliable results or would reveal personally identifiable information about an individual; and

(6) information under subdivision 3, paragraphs (c) and (d).

Program reporting must be consistent with section 122A.14, subdivision 10.

Sec. 14. Minnesota Statutes 2018, section 122A.092, subdivision 5, is amended to read:

Subd. 5. **Reading strategies.** (a) All ~~colleges and universities~~ preparation providers approved by the Professional Educator Licensing and Standards Board to prepare persons for classroom teacher licensure must include in their teacher preparation programs research-based best practices in reading, consistent with section 122A.06, subdivision 4, that enables the licensure candidate to teach reading in the candidate's content areas. Teacher candidates must be instructed in using students' native languages as a resource in creating effective differentiated instructional strategies for English learners developing literacy skills. These colleges and universities also must prepare early childhood and elementary teacher candidates for Tier 3 and Tier 4 teaching licenses under sections 122A.183 and 122A.184, respectively, for the portion of the examination under section 122A.185, subdivision 1, paragraph (c), covering assessment of reading instruction.

(b) Board-approved teacher preparation programs for teachers of elementary education must require instruction in applying comprehensive, scientifically based, and balanced reading instruction programs that:

(1) teach students to read using foundational knowledge, practices, and strategies consistent with section 122A.06, subdivision 4, so that all students achieve continuous progress in reading; and

(2) teach specialized instruction in reading strategies, interventions, and remediations that enable students of all ages and proficiency levels to become proficient readers.

(c) Nothing in this section limits the authority of a school district to select a school's reading program or curriculum.

Sec. 15. Minnesota Statutes 2018, section 122A.092, subdivision 6, is amended to read:

Subd. 6. **Technology strategies.** All ~~colleges and universities~~ preparation providers approved by the Professional Educator Licensing and Standards Board to prepare persons for classroom teacher licensure must include in their teacher preparation programs the knowledge and skills teacher candidates need to engage students with technology and deliver digital and blended learning and curriculum.

Sec. 16. Minnesota Statutes 2018, section 122A.17, is amended to read:

#### **122A.17 VALIDITY OF CERTIFICATES OR LICENSES.**

~~(a)~~ A rule adopted by the Board of Teaching or the Professional Educator Licensing and Standards Board must not affect the validity of certificates or licenses to teach in effect on July 1, 1974, or the rights and privileges of the holders thereof, except that any such certificate or license may be suspended or revoked for any of the causes and by the procedures specified by law.

~~(b) All teacher licenses in effect on January 1, 2018, shall remain valid for one additional year after the date the license is scheduled to expire.~~

Sec. 17. Minnesota Statutes 2018, section 122A.175, subdivision 2, is amended to read:

Subd. 2. **Background check account.** An educator licensure background check account is created in the special revenue fund. ~~The Department of Education, the~~ Professional Educator Licensing and Standards Board, and the Board of School Administrators must deposit all payments submitted by license applicants for criminal background checks ~~conducted by the Bureau of Criminal Apprehension~~ in the educator licensure background check account. Amounts in the account are annually appropriated to the ~~commissioner of education for payment to the superintendent of the Bureau of Criminal Apprehension~~ Professional Educator Licensing and Standards Board for the costs of background checks on applicants for licensure.



Sec. 18. Minnesota Statutes 2018, section 122A.18, subdivision 7c, is amended to read:

Subd. 7c. **Temporary military license.** The Professional Educator Licensing and Standards Board shall establish a temporary license in accordance with section 197.4552 for teaching. The fee for a temporary license under this subdivision shall be ~~\$87.90 for an online application or \$86.40 for a paper application~~ \$57. The board must provide candidates for a license under this subdivision with information regarding the tiered licensure system provided in sections 122A.18 to 122A.184.

Sec. 19. Minnesota Statutes 2018, section 122A.18, subdivision 8, is amended to read:

Subd. 8. **Background checks.** (a) The Professional Educator Licensing and Standards Board and the Board of School Administrators must ~~request~~ obtain a criminal history background check ~~from the superintendent of the Bureau of Criminal Apprehension~~ on all first-time teaching applicants for licenses under their jurisdiction. Applicants must include with their licensure applications:

(1) an executed criminal history consent form, including fingerprints; and

(2) ~~a money order or cashier's check payable to the Bureau of Criminal Apprehension for the fee for conducting the criminal history~~ payment to conduct the background check.

(b) ~~The superintendent of~~ background check for all first-time teaching applicants for licenses must include a review of information from the Bureau of Criminal Apprehension ~~shall perform the background check required under paragraph (a) by retrieving, including~~ criminal history data as defined in section 13.87, and shall ~~must~~ also ~~conduct a search~~ include a review of the national criminal records repository. The superintendent ~~of the Bureau of Criminal Apprehension~~ is authorized to exchange fingerprints with the Federal Bureau of Investigation for purposes of the criminal history check. The superintendent shall recover the cost to the bureau of a background check through the fee charged to the applicant under paragraph (a).

~~(e) The Professional Educator Licensing and Standards Board or the Board of School Administrators may issue a license pending completion of a background check under this subdivision, but must notify the individual and the school district or charter school employing the individual that the individual's license may be revoked based on the result of the background check.~~

(c) The Professional Educator Licensing and Standards Board may contract with the commissioner of human services to conduct background checks and obtain background check data required under this chapter.

Sec. 20. Minnesota Statutes 2018, section 122A.18, subdivision 10, is amended to read:

Subd. 10. **Licensure via portfolio.** (a) The Professional Educator Licensing and Standards Board must adopt rules establishing a process for an eligible candidate to obtain ~~any teacher~~ a Tier 3 license ~~under subdivision 1,~~ or to add a licensure field, via portfolio. The portfolio licensure application process must be consistent with the requirements in this subdivision.

(b) A candidate for a Tier 3 license via portfolio must submit to the board one portfolio demonstrating pedagogical competence and one portfolio demonstrating content competence.

(c) A candidate seeking to add a licensure field via portfolio must submit to the board one portfolio demonstrating content competence for each licensure field the candidate seeks to add.

(d) The board must notify a candidate who submits a portfolio under paragraph (b) or (c) within 90 calendar days after the portfolio is received whether or not the portfolio is approved. If the portfolio is not approved, the board must immediately inform the candidate how to revise the portfolio to successfully demonstrate the requisite competence. The candidate may resubmit a revised portfolio at any time and the board must approve or disapprove the revised portfolio within 60 calendar days of receiving it.

(e) A candidate must pay ~~to the board a \$300 fee for the first portfolio submitted for review and a \$200 fee for any portfolio submitted subsequently. The revenue generated from the fee must be deposited in an education licensure portfolio account in the special revenue fund. The fees are nonrefundable for applicants not qualifying for a license. The board may waive or reduce fees for candidates based on financial need.~~ a fee for a portfolio in accordance with section 122A.21, subdivision 4.

Sec. 21. Minnesota Statutes 2018, section 122A.181, subdivision 3, is amended to read:

Subd. 3. **Term of license and renewal.** (a) The Professional Educator Licensing and Standards Board must issue an initial Tier 1 license for a term of one year. A Tier 1 license may be renewed subject to paragraphs (b) and (c). The board may submit written comments to the district or charter school that requested the renewal regarding the candidate.

(b) The Professional Educator Licensing and Standards Board must renew a Tier 1 license if:

(1) the district or charter school requesting the renewal demonstrates that it has posted the teacher position but was unable to hire an acceptable teacher with a Tier 2, 3, or 4 license for the position;

(2) the teacher holding the Tier 1 license took a content examination in accordance with section 122A.185 and submitted the examination results to the teacher's employing district or charter school within one year of the board approving the request for the initial Tier 1 license; and

(3) the teacher holding the Tier 1 license participated in cultural competency training consistent with section 120B.30, subdivision 1, paragraph (q), within one year of the board approving the request for the initial Tier 1 license.

The requirement in clause (2) does not apply to a teacher that teaches a class in a career and technical education or career pathways course of study.

(c) A Tier 1 license must not be renewed more than ~~three times~~ one time, unless the requesting district or charter school can show good cause for additional renewals. ~~A Tier 1 license issued to teach (1) a class or course in a career and technical education or career pathway course of study or (2) in a shortage area, as defined in section 122A.06, subdivision 6, may be renewed without limitation.~~

Sec. 22. Minnesota Statutes 2018, section 122A.181, subdivision 4, is amended to read:

Subd. 4. **Application.** (a) The Professional Educator Licensing and Standards Board must accept applications for a Tier 1 teaching license beginning July 1 of the school year for which the license is requested and must issue or deny the Tier 1 teaching license within 30 days of receiving the completed application.

(b) The Professional Educator Licensing and Standards Board may accept applications for a Tier 1 license from applicants requiring a work visa, including applications to renew a Tier 1 license, before July 1.

Sec. 23. Minnesota Statutes 2018, section 122A.181, subdivision 5, is amended to read:

Subd. 5. **Limitations on license.** (a) A Tier 1 license is limited to the content matter indicated on the application for the initial Tier 1 license under subdivision 1, clause (2), and limited to the district or charter school that requested the initial Tier 1 license.

(b) A Tier 1 license does not bring an individual within the definition of a teacher for purposes of section 122A.40, subdivision 1, or 122A.41, subdivision 1, clause (a).

~~(c) A Tier 1 license does not bring an individual within the definition of a teacher under section 179A.03, subdivision 18.~~

Sec. 24. Minnesota Statutes 2018, section 122A.182, subdivision 1, is amended to read:

Subdivision 1. **Requirements.** (a) The Professional Educator Licensing and Standards Board must approve a request from a district or charter school to issue a Tier 2 license in a specified content area to a candidate if:

(1) the candidate meets the educational or professional requirements in paragraph (b) or (c);

(2) the candidate:

~~(i) has completed the coursework required under subdivision 2;~~

~~(ii) (i) is enrolled in a Minnesota-approved teacher preparation program, including an alternative preparation program under section 122A.2451, or a state-approved teacher preparation program if no licensure program exists in Minnesota; or~~

~~(iii) has a master's degree in the specified content area (ii) has completed a state-approved teacher preparation program but does not meet the requirements for a Tier 3 license; and~~

(3) the district or charter school demonstrates that a criminal background check under section 122A.18, subdivision 8, has been completed on the candidate.

(b) A candidate for a Tier 2 license must have a bachelor's degree to teach a class outside a career and technical education or career pathways course of study.

(c) A candidate for a Tier 2 license must have one of the following credentials in a relevant content area to teach a class or course in a career and technical education or career pathways course of study:

(1) an associate's degree;

(2) a professional certification; or

(3) five years of relevant work experience.

Sec. 25. Minnesota Statutes 2018, section 122A.182, subdivision 3, is amended to read:

Subd. 3. **Term of license and renewal.** The Professional Educator Licensing and Standards Board must issue an initial Tier 2 license for a term of two years. A Tier 2 license may be renewed ~~three~~ two times. Before a Tier 2 license is renewed for the first time, a teacher holding a Tier 2 license must participate in cultural competency training consistent with section 120B.30, subdivision 1, paragraph (q). The board must issue rules setting forth the conditions for additional renewals after the initial license has been renewed ~~three~~ two times.

Sec. 26. Minnesota Statutes 2018, section 122A.182, subdivision 4, is amended to read:

Subd. 4. **Application.** (a) The Professional Educator Licensing and Standards Board must accept applications for a Tier 2 teaching license beginning July 1 of the school year for which the license is requested and must issue or deny the Tier 2 teaching license within 30 days of receiving the completed application.

(b) The Professional Educator Licensing and Standards Board may accept applications for a Tier 2 license from applicants requiring a work visa, including applications to renew a Tier 2 license, before July 1.

Sec. 27. Minnesota Statutes 2018, section 122A.183, subdivision 2, is amended to read:

Subd. 2. **Coursework.** A candidate for a Tier 3 license must meet the coursework requirement by demonstrating one of the following:

(1) completion of a Minnesota-approved teacher preparation program;

(2) completion of a state-approved teacher preparation program that includes field-specific student teaching equivalent to field-specific student teaching in Minnesota-approved teacher preparation programs. The field-specific student teaching requirement does not apply to a candidate that has two years of teaching experience;

(3) submission of a content-specific licensure portfolio; or

(4) a professional teaching license from another state, evidence that the candidate's license is in good standing, and two years of teaching experience; ~~or,~~

~~(5) three years of teaching experience under a Tier 2 license and evidence of summative teacher evaluations that did not result in placing or otherwise keeping the teacher on an improvement process pursuant to section 122A.40, subdivision 8, or section 122A.41, subdivision 5.~~

Sec. 28. Minnesota Statutes 2018, section 122A.183, subdivision 4, is amended to read:

Subd. 4. **Mentorship and evaluation.** A teacher holding a Tier 3 license must participate in ~~the employing district or charter school's~~ a mentorship and evaluation program, including an individual growth and development plan. A teacher holding a Tier 3 license may satisfy the mentorship requirement by participating in a mentorship program during the teacher's first year in a new district or charter school, including a school year when the teacher held a Tier 1 or Tier 2 license. No teacher holding a Tier 3 license may be required to serve as a mentor to another teacher in order to fulfill this requirement.

Sec. 29. Minnesota Statutes 2018, section 122A.184, subdivision 1, is amended to read:

Subdivision 1. **Requirements.** The Professional Educator Licensing and Standards Board must issue a Tier 4 license to a candidate who provides information sufficient to demonstrate all of the following:

(1) the candidate meets all requirements for a Tier 3 license under section 122A.183, and has completed a teacher preparation program under section 122A.183, subdivision 2, clause (1) or (2);

(2) the candidate has at least three years of teaching experience in Minnesota; and

(3) the candidate has obtained a passing score on all required licensure exams under section 122A.185; ~~and,~~

~~(4) the candidate's most recent summative teacher evaluation did not result in placing or otherwise keeping the teacher in an improvement process pursuant to section 122A.40, subdivision 8, or 122A.41, subdivision 5.~~

Sec. 30. Minnesota Statutes 2018, section 122A.184, subdivision 3, is amended to read:

Subd. 3. **Mentorship and evaluation.** A teacher holding a Tier 4 license must participate in ~~the employing district or charter school's~~ a mentorship and evaluation program, including an individual growth and development plan. A teacher holding a Tier 4 license may satisfy the mentorship requirement by participating in a mentorship program during the teacher's first year in a new district or charter school, including a school year when the teacher held a Tier 1, 2, or 3 license. No teacher holding a Tier 4 license may be required to serve as a mentor to another teacher in order to fulfill this requirement.

Sec. 31. Minnesota Statutes 2018, section 122A.185, subdivision 1, is amended to read:

Subdivision 1. **Tests.** (a) The Professional Educator Licensing and Standards Board must adopt rules requiring a candidate to demonstrate a passing score on a board-adopted examination of skills in reading, writing, and mathematics before being granted a Tier 4 teaching license under section 122A.184 to provide direct instruction to pupils in elementary, secondary, or special education programs. The board must grant a Tier 4 license to a candidate with a Tier 3 license whose employing school district or charter school verifies the candidate's skills in reading, writing, and mathematics for teaching in the licensure field. Candidates may obtain a Tier 1, Tier 2, or Tier 3 license to provide direct instruction to pupils in elementary, secondary, or special education programs if candidates meet the other requirements in section 122A.181, 122A.182, or 122A.183, respectively.

(b) The board must adopt rules requiring candidates for Tier 3 and Tier 4 licenses to pass an examination of general pedagogical knowledge and examinations of licensure field specific content. The content examination requirement does not apply if no relevant content exam exists.

(c) Candidates for initial Tier 3 and Tier 4 licenses to teach elementary students must pass test items assessing the candidates' knowledge, skill, and ability in comprehensive, scientifically based reading instruction under section 122A.06, subdivision 4, knowledge and understanding of the foundations of reading development, development of reading comprehension and reading assessment and instruction, and the ability to integrate that knowledge and understanding into instruction strategies under section 122A.06, subdivision 4.

(d) The requirement to pass a board-adopted reading, writing, and mathematics skills examination does not apply to nonnative English speakers, as verified by qualified Minnesota school district personnel or Minnesota higher education faculty, who, after meeting the content and pedagogy requirements under this subdivision, apply for a teaching license to provide direct instruction in their native language or world language instruction under section 120B.022, subdivision 1.

(e) The board must analyze the use of untimed tests and work with the testing vendor to ensure reasonable access to untimed testing sites.

**EFFECTIVE DATE.** This section is effective January 1, 2020.

Sec. 32. Minnesota Statutes 2018, section 122A.187, subdivision 3, is amended to read:

Subd. 3. **Professional growth.** (a) Applicants for license renewal for a Tier 3 or Tier 4 license under sections 122A.183 and 122A.184, respectively, who have been employed as a teacher during the renewal period of the expiring license, as a condition of license renewal, must present to their local continuing education and relicensure committee or other local relicensure committee evidence of work that demonstrates professional reflection and growth in best teaching practices, ~~including among other things, cultural competence in accordance with section 120B.30, subdivision 1, paragraph (q), and practices in meeting the varied needs of English learners, from young children to adults under section 124D.59, subdivisions 2 and 2a.~~ A teacher may satisfy the requirements of this paragraph by submitting the teacher's most recent summative evaluation or improvement plan under section 122A.40, subdivision 8, or 122A.41, subdivision 5.

(b) The Professional Educator Licensing and Standards Board must ensure that its teacher relicensing requirements include paragraph (a).

Sec. 33. Minnesota Statutes 2018, section 122A.187, is amended by adding a subdivision to read:

Subd. 7. **Cultural competency training.** The Professional Educator Licensing and Standards Board must adopt rules that require all licensed teachers who are renewing a Tier 3 or Tier 4 teaching license under sections 122A.183 and 122A.184, respectively, to include in the renewal requirements cultural competency training and meeting the varied needs of English learners from young children to adults under section 124D.59, subdivisions 2 and 2a.

Sec. 34. Minnesota Statutes 2018, section 122A.187, is amended by adding a subdivision to read:

Subd. 8. **Background check.** The Professional Educator Licensing and Standards Board must obtain a criminal background check on a licensed teacher applying for a renewal license. The background check must include a search of records from the Bureau of Criminal Apprehension.

Sec. 35. Minnesota Statutes 2018, section 122A.19, subdivision 4, is amended to read:

Subd. 4. **Teacher preparation programs.** (a) For the purpose of licensing bilingual and English as a second language teachers, the board may approve teacher preparation programs ~~at colleges or universities~~ designed for their training.

(b) Programs that prepare English as a second language teachers must provide instruction in implementing research-based practices designed specifically for English learners. The programs must focus on developing English learners' academic language proficiency in English, including oral academic language, giving English learners meaningful access to the full school curriculum, developing culturally relevant teaching practices appropriate for immigrant students, and providing more intensive instruction and resources to English learners with lower levels of academic English proficiency and varied needs, consistent with section 124D.59, subdivisions 2 and 2a.

Sec. 36. Minnesota Statutes 2018, section 122A.20, subdivision 1, is amended to read:

Subdivision 1. **Grounds for revocation, suspension, or denial.** (a) The Professional Educator Licensing and Standards Board or Board of School Administrators, whichever has jurisdiction over a teacher's licensure, may, on the written complaint of the school board employing a teacher, a teacher organization, or any other interested person, refuse to issue, refuse to renew, suspend, or revoke a teacher's license to teach for any of the following causes:

- (1) immoral character or conduct;
- (2) failure, without justifiable cause, to teach for the term of the teacher's contract;
- (3) gross inefficiency or willful neglect of duty;
- (4) failure to meet licensure requirements; ~~or~~
- (5) fraud or misrepresentation in obtaining a license; or
- (6) engagement in any sexual conduct or contact with a student.

The written complaint must specify the nature and character of the charges. The board may issue nondisciplinary action for violations related to the teacher's mental health, chemical dependency, contract violations, or other offenses that do not meet the criteria for suspension or revocation of the license.

(b) The Professional Educator Licensing and Standards Board or Board of School Administrators, whichever has jurisdiction over a teacher's licensure, shall refuse to issue, refuse to renew, or automatically revoke a teacher's license to teach without the right to a hearing upon receiving a certified copy of a conviction showing that the teacher has been convicted of:

(1) child abuse, as defined in section 609.185, provided that a conviction for a violation of section 609.224, subdivisions 1 and 2, assault in the fifth degree, or 609.2242, subdivisions 1 and 2, domestic assault, must not result in the automatic revocation of a teacher's license;

(2) sex trafficking in the first degree under section 609.322, subdivision 1;

(3) sex trafficking in the second degree under section 609.322, subdivision 1a;

(4) engaging in hiring, or agreeing to hire a minor to engage in prostitution, or housing an unrelated minor engaged in prostitution under section 609.324, subdivision subdivisions 1, and 1a;

(5) criminal sexual abuse conduct under section 609.342, 609.343, 609.344, 609.345, or 609.3451, subdivision 3, or;

(6) indecent exposure under section 617.23, subdivision subdivisions 2 and 3;

(7) solicitation of children to engage in sexual conduct or communication of sexually explicit materials to children under section 609.352;

(8) interference with privacy under section 609.746 or stalking under section 609.749 and the victim was a minor;

(9) using minors in a sexual performance under section 617.246;

(10) possessing pornographic works involving a minor under section 617.247; or

(11) any other offense not listed in this paragraph that requires the person to register as a predatory offender under section 243.166, or a crime under a similar law of another state or the United States. The board shall send notice of this licensing action to the district in which the teacher is currently employed.

(c) A person whose license to teach has been revoked, not issued, or not renewed under paragraph (b), may petition the board to reconsider the licensing action if the person's conviction for child abuse or sexual abuse is reversed by a final decision of the court of appeals or the supreme court or if the person has received a pardon for the offense. The petitioner shall attach a certified copy of the appellate court's final decision or the pardon to the petition. Upon receiving the petition and its attachment, the board shall schedule and hold a disciplinary hearing on the matter under section 214.10, subdivision 2, unless the petitioner waives the right to a hearing. If the board finds that, notwithstanding the reversal of the petitioner's criminal conviction or the issuance of a pardon, the petitioner is disqualified from teaching under paragraph (a), clause (1), the board shall affirm its previous licensing action. If the board finds that the petitioner is not disqualified from teaching under paragraph (a), clause (1), it shall reverse its previous licensing action.

(d) The Professional Educator Licensing and Standards Board or Board of School Administrators, whichever has jurisdiction over a teacher's licensure, must review and may refuse to issue, refuse to renew, or revoke a teacher's license to teach, upon receiving a certified copy of a conviction showing that the teacher has been convicted of:

(1) a qualified, domestic violence-related offense as defined in section 609.02, subdivision 16; or

(2) embezzlement of public funds under section 609.54, clause (1) or (2).

If an offense included in clause (1) or (2) is already included in paragraph (b), the provisions of paragraph (b) apply to the conduct.

(e) The Professional Educator Licensing and Standards Board or Board of School Administrators, whichever has jurisdiction over a teacher's licensure, may suspend a teacher's license pending an investigation into a report of conduct that would be grounds for revocation under paragraph (b). The teacher's license is suspended until the licensing board completes its disciplinary investigation and determines whether disciplinary action is necessary.

(f) For purposes of this subdivision, The Professional Educator Licensing and Standards Board is delegated the authority to suspend or revoke coaching licenses.

Sec. 37. Minnesota Statutes 2018, section 122A.20, subdivision 2, is amended to read:

Subd. 2. **Mandatory reporting.** (a) A school board, a superintendent, a charter school board, a charter school executive director, or a charter school authorizer must report to the Professional Educator Licensing and Standards Board, the Board of School Administrators, or the Board of Trustees of the Minnesota State Colleges and Universities, whichever has jurisdiction over the teacher's or administrator's license, when its teacher or administrator is discharged or resigns from employment after a charge is filed with the school board under section 122A.41, subdivisions 6, clauses (1), (2), and (3), and 7, or after charges are filed that are grounds for discharge under section 122A.40, subdivision 13, paragraph (a), clauses (1) to (5), or when a teacher or administrator is suspended or resigns while an investigation is pending under section 122A.40, subdivision 13, paragraph (a), clauses (1) to (5); 122A.41, subdivisions 6, clauses (1), (2), and (3), and 7; or 626.556, or when a teacher or administrator is suspended without an investigation under section 122A.41, subdivisions 6, paragraph (a), clauses (1), (2), and (3), and 7; or 626.556. The report must be made to the appropriate licensing board within ten days after the discharge, suspension, or resignation has occurred. The licensing board to which the report is made must investigate the report for violation of subdivision 1 and the reporting board, administrator, or authorizer must cooperate in the investigation. Notwithstanding any provision in chapter 13 or any law to the contrary, upon written request from the licensing board having jurisdiction over the license, a board, charter school, authorizer, charter school executive director, or school superintendent shall provide the licensing board with information about the teacher or administrator from the district's files, any termination or disciplinary proceeding, any settlement or compromise, or any investigative file. Upon written request from the appropriate licensing board, a board or school superintendent may, at the discretion of the board or school superintendent, solicit the written consent of a student and the student's parent to provide the licensing board with information that may aid the licensing board in its investigation and license proceedings. The licensing board's request need not identify a student or parent by name. The consent of the student and the student's parent must meet the requirements of chapter 13 and Code of Federal Regulations, title 34, section 99.30. The licensing board may provide a consent form to the district. Any data transmitted to any board under this section is private data under section 13.02, subdivision 12, notwithstanding any other classification of the data when it was in the possession of any other agency.

(b) The licensing board to which a report is made must transmit to the Attorney General's Office any record or data it receives under this subdivision for the sole purpose of having the Attorney General's Office assist that board in its investigation. When the Attorney General's Office has informed an employee of the appropriate licensing board in writing that grounds exist to suspend or revoke a teacher's license to teach, that licensing board must



consider suspending or revoking or decline to suspend or revoke the teacher's or administrator's license within 45 days of receiving a stipulation executed by the teacher or administrator under investigation or a recommendation from an administrative law judge that disciplinary action be taken.

(c) The Professional Educator Licensing and Standards Board and Board of School Administrators must report to the appropriate law enforcement authorities a revocation, suspension, or agreement involving a loss of license, relating to a teacher or administrator's inappropriate sexual conduct with a minor. For purposes of this section, "law enforcement authority" means a police department, county sheriff, or tribal police department. A report by the Professional Educator Licensing and Standards Board to appropriate law enforcement authorities does not diminish, modify, or otherwise affect the responsibilities of a school board or any person mandated to report abuse under section 626.556.

Sec. 38. Minnesota Statutes 2018, section 122A.21, is amended to read:

**122A.21 TEACHERS' AND ADMINISTRATORS' LICENSES; FEES.**

Subdivision 1. **Licensure applications.** Each applicant submitting an application to the Professional Educator Licensing and Standards Board to issue, renew, or extend a teaching license, including applications for licensure via portfolio under subdivision 2 4, must include a processing fee of \$57. The processing fee for a teacher's license and for the licenses of supervisory personnel must be paid to the executive secretary of the appropriate board and deposited in the educator licensure account in the special revenue fund. The fees as set by the board are nonrefundable for applicants not qualifying for a license. However, the commissioner of management and budget must refund a fee in any case in which the applicant already holds a valid unexpired license. The board may waive or reduce fees for applicants who apply at the same time for more than one license.

Subd. 3. **Annual appropriations.** (a) The amounts collected under subdivision 2 4 and deposited in the educator licensure account in the special revenue fund are annually appropriated to the Professional Educator Licensing and Standards Board.

(b) The appropriations in paragraph (a) must be reduced by the amount of any money specifically appropriated for the same purposes in any year from any state fund.

Subd. 4. **Licensure via portfolio.** A candidate must pay to the Professional Educator Licensing and Standards Board a \$300 fee for the first portfolio submitted for review and a \$200 fee for any portfolio submitted subsequently. The Professional Educator Licensing and Standards Board executive secretary must deposit the fee in the educator licensure account in the special revenue fund. The fees are nonrefundable for applicants not qualifying for a license. The Professional Educator Licensing and Standards Board may waive or reduce fees for candidates based on financial need.

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

Sec. 39. Minnesota Statutes 2018, section 122A.22, is amended to read:

**122A.22 DISTRICT VERIFICATION AND REPORTING OF TEACHER LICENSES.**

Subdivision 1. **Verification.** No person shall be accounted a qualified teacher until the school district or charter school contracting with the person for teaching services verifies through the Minnesota education licensing system available on the Professional Educator Licensing and Standards Board website that the person is a qualified teacher, consistent with sections 122A.16 and 122A.44, subdivision 1.

Subd. 2. **Reporting.** No later than October 1 of each school year, the superintendent or charter school must provide the school board with the number of teachers in each school building who hold Tier 1, 2, 3, and 4 licenses. The school board and the Professional Educator Licensing and Standards Board must publish this data on their respective websites no later than January of each school year.

Sec. 40. Minnesota Statutes 2018, section 122A.26, subdivision 2, is amended to read:

Subd. 2. **Exceptions.** (a) A person who teaches in a community education program ~~which that~~ qualifies for aid pursuant to section 124D.52 shall continue to meet licensure requirements as a teacher. A person who teaches in an early childhood and family education program ~~which that~~ is offered through a community education program and ~~which that~~ qualifies for community education aid pursuant to section 124D.20 or early childhood and family education aid pursuant to section 124D.135 shall continue to meet licensure requirements as a teacher. A person who teaches in a community education course ~~which that~~ is offered for credit for graduation to persons under 18 years of age shall continue to meet licensure requirements as a teacher.

(b) A person who teaches a driver training course ~~which that~~ is offered through a community education program to persons under 18 years of age shall be licensed by the Professional Educator Licensing and Standards Board or be subject to section 171.35. A license ~~which that~~ is required for an instructor in a community education program pursuant to this ~~subdivision paragraph~~ shall not be construed to bring an individual within the definition of a teacher for purposes of section 122A.40, subdivision 1, or 122A.41, subdivision 1, ~~clause paragraph~~ (a).

**EFFECTIVE DATE.** This section is effective for the 2020-2021 school year and later.

Sec. 41. Minnesota Statutes 2018, section 122A.40, subdivision 8, is amended to read:

Subd. 8. **Development, evaluation, and peer coaching for continuing contract teachers.** (a) To improve student learning and success, a school board and an exclusive representative of the teachers in the district, consistent with paragraph (b), may develop a teacher evaluation and peer review process for probationary and continuing contract teachers through joint agreement. If a school board and the exclusive representative of the teachers do not agree to an annual teacher evaluation and peer review process, then the school board and the exclusive representative of the teachers must implement the state teacher evaluation plan under paragraph (c). The process must include having trained observers serve as peer coaches or having teachers participate in professional learning communities, consistent with paragraph (b).

(b) To develop, improve, and support qualified teachers and effective teaching practices, improve student learning and success, and provide all enrolled students in a district or school with improved and equitable access to more effective and diverse teachers, the annual evaluation process for teachers:

(1) must, for probationary teachers, provide for all evaluations required under subdivision 5;

(2) must establish a three-year professional review cycle for each teacher that includes an individual growth and development plan, a peer review process, and at least one summative evaluation performed by a qualified and trained evaluator such as a school administrator. For the years when a tenured teacher is not evaluated by a qualified and trained evaluator, the teacher must be evaluated by a peer review;

(3) must be based on professional teaching standards established in rule;

(4) must coordinate staff development activities under sections 122A.60 and 122A.61 with this evaluation process and teachers' evaluation outcomes;

(5) may provide time during the school day and school year for peer coaching and teacher collaboration;

(6) may include job-embedded learning opportunities such as professional learning communities;

(7) may include mentoring and induction programs for teachers, including teachers who are members of populations underrepresented among the licensed teachers in the district or school and who reflect the diversity of students under section 120B.35, subdivision 3, paragraph (b), clause (2), who are enrolled in the district or school;

(8) must include an option for teachers to develop and present a portfolio demonstrating evidence of reflection and professional growth, consistent with section 122A.187, subdivision 3, and include teachers' own performance assessment based on student work samples and examples of teachers' work, which may include video among other activities for the summative evaluation;

(9) must use data from valid and reliable assessments aligned to state and local academic standards and must use state and local measures of student growth and literacy that may include value-added models or student learning goals to determine 35 percent of teacher evaluation results;

(10) must use longitudinal data on student engagement and connection, and other student outcome measures explicitly aligned with the elements of curriculum for which teachers are responsible, including academic literacy, oral academic language, and achievement of content areas of English learners;

(11) must require qualified and trained evaluators such as school administrators to perform summative evaluations and ensure school districts and charter schools provide for effective evaluator training specific to teacher development and evaluation;

(12) must give teachers not meeting professional teaching standards under clauses (3) through (11) support to improve through a teacher improvement process that includes established goals and timelines; and

(13) must discipline a teacher for not making adequate progress in the teacher improvement process under clause (12) that may include a last chance warning, termination, discharge, nonrenewal, transfer to a different position, a leave of absence, or other discipline a school administrator determines is appropriate.

Data on individual teachers generated under this subdivision are personnel data under section 13.43. The observation and interview notes of peer coaches may only be disclosed to other school officials with the consent of the teacher being coached.

(c) The department, in consultation with parents who may represent parent organizations and teacher and administrator representatives appointed by their respective organizations, representing the Professional Educator Licensing and Standards Board, the Minnesota Association of School Administrators, the Minnesota School Boards Association, the Minnesota Elementary and Secondary Principals Associations, Education Minnesota, and representatives of the Minnesota Assessment Group, the Minnesota Business Partnership, the Minnesota Chamber of Commerce, and Minnesota postsecondary institutions with research expertise in teacher evaluation, must create and publish a teacher evaluation process that complies with the requirements in paragraph (b) and applies to all teachers under this section and section 122A.41 for whom no agreement exists under paragraph (a) for an annual teacher evaluation and peer review process. The teacher evaluation process created under this subdivision does not create additional due process rights for probationary teachers under subdivision 5.

(d) Consistent with the measures of teacher effectiveness under this subdivision:

(1) for students in kindergarten through grade 4, a school administrator must not place or approve the placement of a student in the classroom of a teacher who holds a Tier 1 or Tier 2 license, is in the improvement process referenced in paragraph (b), clause (12), or has not had a summative evaluation if, in the prior year, that student was in the classroom of a teacher who received discipline pursuant to paragraph (b), clause (13), unless no other teacher at the school teaches that grade; and

(2) for students in grades 5 through 12, a school administrator must not place or approve the placement of a student in the classroom of a teacher who holds a Tier 1 or Tier 2 license, is in the improvement process referenced in paragraph (b), clause (12), or has not had a summative evaluation if, in the prior year, that student was in the classroom of a teacher who held a Tier 1 or Tier 2 license or received discipline pursuant to paragraph (b), clause (13), unless no other teacher at the school teaches that subject area and grade.

All data created and used under this paragraph retains its classification under chapter 13.

Sec. 42. Minnesota Statutes 2018, section 122A.41, subdivision 5, is amended to read:

Subd. 5. **Development, evaluation, and peer coaching for continuing contract teachers.** (a) To improve student learning and success, a school board and an exclusive representative of the teachers in the district, consistent with paragraph (b), may develop an annual teacher evaluation and peer review process for probationary and nonprobationary teachers through joint agreement. If a school board and the exclusive representative of the teachers in the district do not agree to an annual teacher evaluation and peer review process, then the school board and the exclusive representative of the teachers must implement the state teacher evaluation plan developed under paragraph (c). The process must include having trained observers serve as peer coaches or having teachers participate in professional learning communities, consistent with paragraph (b).

(b) To develop, improve, and support qualified teachers and effective teaching practices and improve student learning and success, and provide all enrolled students in a district or school with improved and equitable access to more effective and diverse teachers, the annual evaluation process for teachers:

(1) must, for probationary teachers, provide for all evaluations required under subdivision 2;

(2) must establish a three-year professional review cycle for each teacher that includes an individual growth and development plan, a peer review process, and at least one summative evaluation performed by a qualified and trained evaluator such as a school administrator;

(3) must be based on professional teaching standards established in rule;

(4) must coordinate staff development activities under sections 122A.60 and 122A.61 with this evaluation process and teachers' evaluation outcomes;

(5) may provide time during the school day and school year for peer coaching and teacher collaboration;

(6) may include job-embedded learning opportunities such as professional learning communities;

(7) may include mentoring and induction programs for teachers, including teachers who are members of populations underrepresented among the licensed teachers in the district or school and who reflect the diversity of students under section 120B.35, subdivision 3, paragraph (b), clause (2), who are enrolled in the district or school;

(8) must include an option for teachers to develop and present a portfolio demonstrating evidence of reflection and professional growth, consistent with section 122A.187, subdivision 3, and include teachers' own performance assessment based on student work samples and examples of teachers' work, which may include video among other activities for the summative evaluation;

(9) must use data from valid and reliable assessments aligned to state and local academic standards and must use state and local measures of student growth and literacy that may include value-added models or student learning goals to determine 35 percent of teacher evaluation results;

(10) must use longitudinal data on student engagement and connection and other student outcome measures explicitly aligned with the elements of curriculum for which teachers are responsible, including academic literacy, oral academic language, and achievement of English learners;

(11) must require qualified and trained evaluators such as school administrators to perform summative evaluations and ensure school districts and charter schools provide for effective evaluator training specific to teacher development and evaluation;

(12) must give teachers not meeting professional teaching standards under clauses (3) through (11) support to improve through a teacher improvement process that includes established goals and timelines; and

(13) must discipline a teacher for not making adequate progress in the teacher improvement process under clause (12) that may include a last chance warning, termination, discharge, nonrenewal, transfer to a different position, a leave of absence, or other discipline a school administrator determines is appropriate.

Data on individual teachers generated under this subdivision are personnel data under section 13.43. The observation and interview notes of peer coaches may only be disclosed to other school officials with the consent of the teacher being coached.

(c) The department, in consultation with parents who may represent parent organizations and teacher and administrator representatives appointed by their respective organizations, representing the Professional Educator Licensing and Standards Board, the Minnesota Association of School Administrators, the Minnesota School Boards Association, the Minnesota Elementary and Secondary Principals Associations, Education Minnesota, and representatives of the Minnesota Assessment Group, the Minnesota Business Partnership, the Minnesota Chamber of Commerce, and Minnesota postsecondary institutions with research expertise in teacher evaluation, must create and publish a teacher evaluation process that complies with the requirements in paragraph (b) and applies to all teachers under this section and section 122A.40 for whom no agreement exists under paragraph (a) for an annual teacher evaluation and peer review process. The teacher evaluation process created under this subdivision does not create additional due process rights for probationary teachers under subdivision 2.

(d) Consistent with the measures of teacher effectiveness under this subdivision:

(1) for students in kindergarten through grade 4, a school administrator must not place or approve the placement of a student in the classroom of a teacher who holds a Tier 1 or Tier 2 license, is in the improvement process referenced in paragraph (b), clause (12), or has not had a summative evaluation if, in the prior year, that student was in the classroom of a teacher who received discipline pursuant to paragraph (b), clause (13), unless no other teacher at the school teaches that grade; and

(2) for students in grades 5 through 12, a school administrator must not place or approve the placement of a student in the classroom of a teacher who holds a Tier 1 or Tier 2 license, is in the improvement process referenced in paragraph (b), clause (12), or has not had a summative evaluation if, in the prior year, that student was in the classroom of a teacher who held a Tier 1 or Tier 2 license or received discipline pursuant to paragraph (b), clause (13), unless no other teacher at the school teaches that subject area and grade.

All data created and used under this paragraph retains its classification under chapter 13.

Sec. 43. **[122A.59] COME TEACH IN MINNESOTA HIRING BONUSES.**

**Subdivision 1. Establishment.** The commissioner of education must establish a program to reimburse school districts for hiring bonuses paid to licensed teachers from other states in order to meet staffing needs in shortage areas.

Subd. 2. **Teacher eligibility.** (a) The commissioner must require a school district applying for reimbursement for a hiring bonus of up to \$5,000 under this section to demonstrate that a teacher that received the hiring bonus:

(1) was issued a Tier 3 teaching license under section 122A.183;

(2) moved to the economic development region in Minnesota where the school district is located, notwithstanding section 122A.40, subdivision 3; and

(3) belongs to a racial or ethnic group that is underrepresented among teachers compared to students in the district or school based on the categories listed in section 120B.35, subdivision 3, paragraph (a), clause (2).

(b) The commissioner must require a school district applying for reimbursement for a hiring bonus of up to \$8,000 under this section to demonstrate that a teacher that received the hiring bonus met the eligibility criteria in paragraph (a) and has a field license in a licensure field reported by the Professional Educator Licensing and Standards Board as experiencing a teacher shortage.

Subd. 3. **Bonus payment.** A school district must pay a teacher eligible for a bonus under subdivision 2 half of the bonus at the time the teacher begins employment and the other half after the teacher has completed four years of service in the hiring district. A teacher who does not complete one school year of employment with the hiring school district must repay the district the hiring bonus.

**EFFECTIVE DATE.** This section is effective for collective bargaining agreements contracts effective July 1, 2019, and thereafter.

Sec. 44. Minnesota Statutes 2018, section 122A.63, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** (a) A grant program is established to assist American Indian people to become teachers and to provide additional education for American Indian teachers. The commissioner may award a joint grant to each of the following:

(1) the Duluth campus of the University of Minnesota and Independent School District No. 709, Duluth;

(2) Bemidji State University and Independent School District No. 38, Red Lake;

(3) Moorhead State University and one of the school districts located within the White Earth Reservation; and

(4) Augsburg College, Independent School District No. 625, St. Paul, and Special School District No. 1, Minneapolis.

(b) If additional funds are available, the commissioner may award additional joint grants to other postsecondary institutions and school districts.

(c) Grantees may enter into contracts with tribal, technical, and community colleges and four-year postsecondary institutions to identify and provide grants to students at those institutions interested in the field of education. A grantee may contract with partner institutions to provide professional development and supplemental services to a tribal, technical, or community college or four-year postsecondary institution, including identifying prospective students, providing instructional supplies and materials, and providing grant money to students. A contract with a tribal, technical, or community college or four-year postsecondary institution includes coordination of student identification, professional development, and mentorship services.

Sec. 45. Minnesota Statutes 2018, section 122A.63, subdivision 4, is amended to read:

Subd. 4. **Grant amount.** The commissioner may award a joint grant in the amount it determines to be appropriate. The grant shall include money for the postsecondary institution, school district, and student scholarships, and student loans grants.

Sec. 46. Minnesota Statutes 2018, section 122A.63, subdivision 5, is amended to read:

Subd. 5. **Information to student applicants.** At the time a student applies for a scholarship ~~and loan~~, the student ~~shall~~ must be provided information about the fields of licensure needed by school districts in the part of the state within which the district receiving the joint grant is located. The information ~~shall~~ must be acquired and periodically updated by the recipients of the joint grant and their contracted partner institutions. Information provided to students ~~shall~~ must clearly state that scholarship ~~and loan~~ decisions are not based upon the field of licensure selected by the student.

Sec. 47. Minnesota Statutes 2018, section 122A.63, subdivision 6, is amended to read:

Subd. 6. **Eligibility for scholarships ~~and loans.~~** (a) The following American Indian people are eligible for scholarships:

(1) a student having origins in any of the original peoples of North America and maintaining cultural identification through tribal affiliation or community recognition;

~~(2)~~ (2) a student, including a teacher aide employed by a district receiving a joint grant or their contracted partner school, who intends to become a teacher or who is interested in the field of education and who is enrolled in a postsecondary institution or their contracted partner institutions receiving a joint grant;

~~(2)~~ (3) a licensed employee of a district receiving a joint grant or a contracted partner institution, who is enrolled in a master of education program; and

~~(3)~~ (4) a student who, after applying for federal and state financial aid and an American Indian scholarship according to section 136A.126, has financial needs that remain unmet. Financial need ~~shall~~ must be determined according to the congressional methodology for needs determination or as otherwise set in federal law.

~~A person who has actual living expenses in addition to those addressed by the congressional methodology for needs determination, or as otherwise set in federal law, may receive a loan according to criteria established by the commissioner. A contract shall be executed between the state and the student for the amount and terms of the loan.~~

(b) Priority must be given to a student who is tribally enrolled and then to first- and second-generation descendants.

Sec. 48. Minnesota Statutes 2018, section 122A.63, is amended by adding a subdivision to read:

Subd. 9. **Eligible programming.** (a) The grantee institutions and their contracted partner institutions may provide scholarships to students progressing toward educational goals in any area of teacher licensure, including an associate's, bachelor's, master's, or doctoral degree in the following:

(1) any educational certification necessary for employment;

(2) early childhood family education or prekindergarten licensure;

(3) elementary and secondary education;

(4) school administration; or

(5) any educational program that provides services to American Indian students in prekindergarten through grade 12.

(b) For purposes of recruitment, the grantees or their contracted partner institutions must agree to work with their respective organizations to hire an American Indian work-study student or other American Indian staff to conduct initial information queries and to contact persons working in schools to provide programming regarding education professions to high school students who may be interested in education as a profession.

(c) At least 80 percent of the grants awarded under this section must be used for student scholarships. No more than 20 percent of the grants awarded under this section may be used for recruitment or administration of the student scholarships.

**Sec. 49. [122A.635] COLLABORATIVE URBAN AND GREATER MINNESOTA EDUCATORS OF COLOR GRANT PROGRAM.**

Subdivision 1. **Establishment.** The Professional Educator Licensing and Standards Board must award competitive grants to increase the number of teacher candidates of color or who are American Indian, and meet the requirements for a Tier 3 license under section 122A.183. Eligibility for a grant under this section is limited to public or private higher education institutions that offer a teacher preparation program approved by the Professional Educator Licensing and Standards Board.

Subd. 2. **Competitive grants.** (a) The Professional Educator Licensing and Standards Board must award competitive grants under this section based on the following criteria:

(1) the number of teacher candidates being supported in the program who are of color or who are American Indian;

(2) program outcomes, including graduation or program completion rates, licensure rates, and placement rates and, for each outcome measure, the number of those teacher candidates of color or who are American Indian; and

(3) the percent of racially and ethnically diverse teacher candidates enrolled in the institution compared to:

(i) the total percent of students of color and American Indian students enrolled at the institution, regardless of major; and

(ii) the percent of underrepresented racially and ethnically diverse teachers in the economic development region of the state where the institution is located and where a shortage of diverse teachers exists, as reported under section 127A.05, subdivision 6, or 122A.091, subdivision 5.

(b) The board must give priority in awarding grants under this section to institutions that received grants under Laws 2017, First Special Session chapter 5, article 2, section 57, subdivision 27, and have demonstrated continuing success at recruiting, retaining, graduating, and inducting teacher candidates of color or who are American Indian. If the board awards a competitive grant based on the criteria in paragraph (a) to a program that has not previously received funding, the board must thereafter give priority to the program equivalent to other programs given priority under this paragraph.

(c) The board must determine award amounts for maintenance and expansion of programs based on the number of candidates supported by an applicant program, sustaining support for those candidates, and funds available.



Subd. 3. **Grant program administration.** The Professional Educator Licensing and Standards Board may enter into an interagency agreement with the Office of Higher Education. The agreement may include a transfer of funds to the Office of Higher Education to help establish and administer the competitive grant process. The board must award grants to institutions located in various economic development regions throughout the state, but must not predetermine the number of institutions to be awarded grants under this section or set a limit for the amount that any one institution may receive as part of the competitive grant application process. All grants must be awarded by August 15 of the fiscal year in which the grants are to be used except that, for initial competitive grants awarded for fiscal year 2020, grants must be awarded by September 15. An institution that receives a grant under this section may use the grant funds over a two- to four-year period to support teacher candidates.

Subd. 4. **Account established.** A collaborative urban and greater Minnesota educator of color account is created in the special revenue fund for depositing money appropriated to or received by the board for the program. Money deposited in the account is appropriated to the board, does not cancel, and is continuously available for grants under this section.

Subd. 5. **Report.** (a) By January 15 of each year, an institution awarded a grant under this section must prepare for the legislature and the board a detailed report regarding the expenditure of grant funds, including the amounts used to recruit, retain, and induct teacher candidates of color or who are American Indian. The report must include the total number of teacher candidates of color, disaggregated by race or ethnic group, who are recruited to the institution, are newly admitted to the licensure program, are enrolled in the licensure program, have completed student teaching, have graduated, are licensed, and are newly employed as Minnesota teachers in their licensure field. A grant recipient must report the total number of teacher candidates of color or who are American Indian at each stage from recruitment to licensed teaching as a percentage of total candidates seeking the same licensure at the institution.

(b) The board must post a report on its website summarizing the activities and outcomes of grant recipients and results that promote sharing of effective practices among grant recipients.

Sec. 50. **[122A.685] GROW YOUR OWN PATHWAYS TO TEACHER LICENSURE GRANTS.**

Subdivision 1. **Establishment.** The commissioner of education must award grants under this section to school districts and charter schools throughout Minnesota to develop or expand Grow Your Own programs.

Subd. 2. **Definition.** For purposes of this section, "Grow Your Own programs" means programs within schools or districts in partnership with Professional Educator Licensing and Standards Board-approved teacher preparation programs designed to provide a pathway to teaching at any level from early childhood to secondary school for paraprofessionals, cultural liaisons, or other nonlicensed employees.

Subd. 3. **Nonconventional teacher residency programs.** (a) A school district, charter school, or cooperative unit as defined in section 123A.24 may apply for a grant under this section to fund an established and effective Professional Educator Licensing and Standards Board-approved nonconventional teacher residency program. The program must provide tuition scholarships or stipends to enable school district and charter school employees seeking a teaching license who are of color or who are American Indian to participate in a nonconventional teacher preparation program. If extra awarded grant funds are available, programs may use remaining grant funds to provide tuition scholarships to employees who are not persons of color or American Indian, who are seeking to teach in a licensure area that is identified by the board as experiencing a shortage within the economic development region where the program is located.

(b) School districts and charter schools that receive funds under this subdivision must have a program to recruit and retain candidates of color or who are American Indian and have demonstrated that at least 50 percent of past participants in the residency programs are persons of color or American Indian. The commissioner must give

priority in awarding grants to programs with the highest total numbers and percentages of participants of color or who are American Indian and those that have a percentage of participants of color or who are American Indian that meets or exceeds the overall percentage of students of color or American Indian students in the district, school, or cooperative.

(c) School districts and charter schools providing financial support to new teacher candidates under this subdivision may require a commitment from the candidates, as determined by each district or school, to teach in the district or school for a reasonable amount of time not to exceed five years.

Subd. 4. **Expanded Grow Your Own programs.** (a) School districts, charter schools, or cooperatives as defined in section 123A.24, community-based organizations led by and for communities of color or American Indian communities, and Head Start programs under section 119A.50 may apply for grants under this subdivision to provide financial assistance, mentoring, and other assistance to enable persons of color or who are American Indian to become teachers.

(b) Grants awarded under this subdivision must be used for:

(1) tuition scholarships or stipends to eligible teaching assistants, cultural liaisons, or other nonlicensed employees of color or who are American Indian and are enrolled in a Professional Educator Licensing and Standards Board-approved teacher preparation program;

(2) developing and implementing innovative school-based residency programs or other programs emphasizing clinical experiences in a district, cooperative, or charter school for nonlicensed employees of color or who are American Indian, and who seek a teaching license in collaboration with a conventional or nonconventional Professional Educator Licensing and Standards Board-approved program;

(3) developing pathway programs that provide stipends and tuition scholarships to parents and community members of color or who are American Indian to change careers and obtain a Tier 3 license to teach in schools or other credential needed to teach in a Head Start program; or

(4) developing innovative programs that encourage secondary school students to pursue teaching, including developing and offering dual-credit postsecondary course options in schools for "Introduction to Teaching" or "Introduction to Education" courses consistent with section 124D.09, subdivision 10, and supporting future teacher clubs involving middle and high school students of color or who are American Indian to have experiential learning supporting the success of younger students or peers and to increase their interest in pursuing a teaching career.

(c) School districts, charter schools, and Head Start programs providing financial assistance to individuals under this subdivision may require a commitment from the individuals, as determined by each district or school, to teach in the district or school for a reasonable amount of time not to exceed five years.

Subd. 5. **Grant procedure.** (a) A school district, charter school, cooperative, or Head Start program must apply for a grant under this section in the form and manner specified by the commissioner of education. To be eligible, grant recipients must ensure that the percentage of participants of color or who are American Indian is at least equivalent to the percentage of students enrolled in the district, school, cooperative, or program who are of color or American Indian. If a majority of students are of color or American Indian, then a majority of participants in the program must be persons of color or American Indian. Priority for awarding grants must be given to programs with the highest total numbers and percentages of participants of color or American Indian.

(b) For the 2019-2020 school year only, the commissioner must review all applications for continuing grants from programs that received funding under Laws 2017, First Special Session chapter 5, article 2, section 57, subdivision 23, by August 1, 2019, and must notify grant recipients of the amount of the grants awarded by August 15, 2019.

(c) For the 2020-2021 school year and later, grant applications for new and existing programs must be received by the commissioner no later than December 1 of the year prior to the school year in which the grant will be used. The commissioner must review all applications and notify grant recipients by February 1 of the amount awarded.

(d) Grant recipients must spend any amounts received under this section within 18 months of receiving the grant money.

Subd. 6. **Report.** Grant recipients must annually report to the commissioner of education by the date determined by the commissioner on their activities under this section, including the number of participants, the percentage of participants of color or who are American Indian, and an assessment of program effectiveness, including participant feedback, areas for improvement, the percentage of participants continuing to pursue teacher licensure, and the number of participants hired in the school or district as teachers after completing preparation programs. The commissioner must post on the department's website a report that summarizes the activities and outcomes of grant recipients and what was done to promote sharing of effective practices among grant recipients.

Sec. 51. Minnesota Statutes 2018, section 122A.70, is amended to read:

#### **122A.70 TEACHER MENTORSHIP AND RETENTION OF EFFECTIVE TEACHERS.**

Subdivision 1. **Teacher mentoring, induction, and retention programs.** (a) School districts are encouraged to develop teacher mentoring programs for teachers new to the profession or district, including teaching residents, teachers of color, teachers who are American Indian, teachers in license shortage areas, teachers with special needs, or experienced teachers in need of peer coaching.

(b) Teacher mentoring programs must be included in or aligned with districts' teacher evaluation and peer review processes under sections 122A.40, subdivision 8, and 122A.41, subdivision 5. A district may use staff development revenue under section 122A.61, special grant programs established by the legislature, or another funding source to pay a stipend to a mentor who may be a current or former teacher who has taught at least three years and is not on an improvement plan. Other initiatives using such funds or funds available under sections 124D.861 and 124D.862 may include:

(1) additional stipends as incentives to mentors of color or who are American Indian;

(2) financial supports for professional learning community affinity groups across schools within and between districts for teachers from underrepresented racial and ethnic groups to come together throughout the school year. For purposes of this section, "affinity groups" are groups of educators who share a common racial or ethnic identity in society as persons of color or who are American Indian;

(3) programs for induction aligned with the district or school mentorship program during the first three years of teaching, especially for teachers from underrepresented racial and ethnic groups; or

(4) grants supporting licensed and nonlicensed educator participation in professional development, such as workshops and graduate courses, related to increasing student achievement for students of color and American Indian students in order to close opportunity and achievement gaps.

(c) Schools or districts may negotiate additional retention strategies or protection from unrequested leave of absences in the beginning years of employment for teachers of color and teachers who are American Indian. Retention strategies may include providing financial incentives for teachers of color and teachers who are American Indian to work in the school or district for at least five years and placing American Indian educators at sites with other American Indian educators and educators of color at sites with other educators of color to reduce isolation and increase opportunity for collegial support.

Subd. 2. **Applications.** The Professional Educator Licensing and Standards Board must make application forms available to sites interested in developing or expanding a mentorship program. A school district; a group of school districts; ~~or~~; a coalition of districts, teachers, and teacher education institutions; or a coalition of schools, teachers, or nonlicensed educators may apply for a ~~teacher mentorship~~ program grant. The Professional Educator Licensing and Standards Board, in consultation with the teacher mentoring task force, must approve or disapprove the applications. To the extent possible, the approved applications must reflect effective mentoring, professional development, and retention components, ~~include a variety of coalitions~~ and be geographically distributed throughout the state. The Professional Educator Licensing and Standards Board must encourage the selected sites to consider the use of its assessment procedures.

Subd. 3. **Criteria for selection.** At a minimum, applicants must express commitment to:

- (1) allow staff participation;
- (2) assess skills of both beginning and mentor teachers;
- (3) provide appropriate in-service to needs identified in the assessment;
- (4) provide leadership to the effort;
- (5) cooperate with higher education institutions;
- (6) provide facilities and other resources;
- (7) share findings, materials, and techniques with other school districts; and
- (8) retain teachers of color and teachers who are American Indian.

Subd. 4. **Additional funding.** Applicants are required to seek additional funding and assistance from sources such as school districts, postsecondary institutions, foundations, and the private sector.

Subd. 5. **Program implementation.** New and expanding mentorship sites that are funded to design, develop, implement, and evaluate their program must participate in activities that support program development and implementation. The Professional Educator Licensing and Standards Board must provide resources and assistance to support new sites in their program efforts. These activities and services may include, but are not limited to: planning, planning guides, media, training, conferences, institutes, and regional and statewide networking meetings. Nonfunded schools or districts interested in getting started may participate. Fees may be charged for meals, materials, and the like.

Subd. 6. **Report.** By June 30 of each year after receiving a grant, recipients must submit a report to the Professional Educator Licensing and Standards Board on program efforts that describes mentoring and induction activities and assesses the impact of these programs on teacher effectiveness and retention.

Sec. 52. Minnesota Statutes 2018, section 124D.09, subdivision 10, is amended to read:

Subd. 10. **Courses according to agreements.** (a) An eligible pupil, according to subdivision 5, may enroll in a nonsectarian course taught by a secondary teacher or a postsecondary faculty member and offered at a secondary school, or another location, according to an agreement between a public school board and the governing body of an eligible public postsecondary system or an eligible private postsecondary institution, as defined in subdivision 3. All provisions of this section ~~shall~~ apply to a pupil, public school board, district, and the governing body of a postsecondary institution, except as otherwise provided.

(b) To encourage students, especially American Indian students and students of color, to consider teaching as a profession, participating schools, school districts, and postsecondary institutions are encouraged to develop and offer an "Introduction to Teaching" or "Introduction to Education" course under this subdivision. ~~An institution that receives a~~ For the purpose of applying for grants under this paragraph, "eligible institution" includes schools and districts that partner with an accredited college or university in addition to postsecondary institutions identified in subdivision 3, paragraph (a). Grant ~~to develop a course~~ recipients under this paragraph must annually report to the commissioner in a form and manner determined by the commissioner on the participation rates of students in courses under this paragraph, including the number of students who apply for admission to colleges or universities with teacher preparation programs and the number of students of color and American Indian students who earned postsecondary credit. Grant recipients must also describe recruiting efforts intended to ensure that the percentage of participants of color or who are American Indian meets or exceeds the overall percentage of students of color or American Indian students in the school.

Sec. 53. Minnesota Statutes 2018, section 124D.861, subdivision 2, is amended to read:

Subd. 2. **Plan implementation; components.** (a) The school board of each eligible district must formally develop and implement a long-term plan under this section. The plan must be incorporated into the district's comprehensive strategic plan under section 120B.11. Plan components may include:

(1) innovative and integrated prekindergarten through grade 12 learning environments that offer students school enrollment choices;

(2) family engagement initiatives that involve families in their students' academic life and success;

(3) professional development opportunities for teachers and administrators focused on improving the academic achievement of all students, including teachers and administrators who are members of populations underrepresented among the licensed teachers or administrators in the district or school and who reflect the diversity of students under section 120B.35, subdivision 3, paragraph (b), clause (2), who are enrolled in the district or school;

(4) increased programmatic opportunities and effective and more diverse instructors focused on rigor and college and career readiness for underserved students, including students enrolled in alternative learning centers under section 123A.05, public alternative programs under section 126C.05, subdivision 15, and contract alternative programs under section 124D.69, among other underserved students; or

(5) recruitment and retention of teachers ~~and~~ administrators ~~with diverse~~ cultural and family liaisons, paraprofessionals, and other nonlicensed staff from racial and ethnic backgrounds represented in the student population.

(b) The plan must contain goals for:

(1) reducing the disparities in academic achievement and in equitable access to effective and more diverse teachers among all students and specific categories of students under section 120B.35, subdivision 3, paragraph (b), excluding the student categories of gender, disability, and English learners; and

(2) increasing racial and economic diversity and integration in schools and districts.

(c) The plan must include strategies to make schools' curricula and learning and work environments more inclusive and respectful of students' racial and ethnic diversity and to address issues of structural inequities in schools that create opportunity gaps and achievement gaps for students, families, and staff who are of color or who are American Indian, and program revenues may be used to implement such strategies. Examples of possible structural inequities include but are not limited to policies and practices that unintentionally result in disparate referrals and suspension, inequitable access to advanced coursework, overrepresentation in lower level coursework, participation in cocurricular activities, parent involvement, and lack of access to diverse teachers. Plans may include but are not limited to the following activities that may involve collaboration with or support from regional centers of excellence:

(1) creating opportunities for students, families, staff, and community members of color or who are American Indian to share their experiences in the school setting with school staff and administration to develop specific proposals for improving school environments to be more inclusive and respectful toward all students, families, and staff;

(2) implementing creative programs for increased parent engagement and improving relations between home and school;

(3) developing or expanding ethnic studies course offerings to provide all students with in-depth opportunities to learn about their own and others' cultures and historical experiences;

(4) examining and revising curricula in various subjects to be culturally relevant and inclusive of various racial and ethnic groups;

(5) examining academic and discipline data, reexamining institutional policies and practices that result in opportunity and achievement disparities between racial and ethnic groups, and making necessary changes that increase access, meaningful participation, representation, and positive outcomes for students of color, American Indian students, and students who qualify for free or reduced-price lunch;

(6) providing professional development opportunities to learn more about various racial and ethnic groups' experiences, assets, and issues and developing cross-cultural competence with knowledge, collaborations, and relationships needed to serve students effectively who are from diverse racial and ethnic backgrounds; and

(7) hiring more cultural liaisons to strengthen relationships with students, families, and other members of the community.

~~(b)~~ (d) Among other requirements, an eligible district must implement effective, research-based interventions that include formative assessment practices to reduce the disparities in student academic performance among the specific categories of students as measured by student progress and growth on state reading and math assessments and as aligned with section 120B.11.

(⇌) (e) Eligible districts must create efficiencies and eliminate duplicative programs and services under this section, which may include forming collaborations or a single, seven-county metropolitan areawide partnership of eligible districts for this purpose.

Sec. 54. Minnesota Statutes 2018, section 214.01, subdivision 3, is amended to read:

Subd. 3. **Non-health-related licensing board.** "Non-health-related licensing board" means the Professional Educator Licensing and Standards Board established pursuant to section 122A.07, the Board of School Administrators established pursuant to section 122A.14, the Board of Barber Examiners established pursuant to section 154.001, the Board of Cosmetologist Examiners established pursuant to section 155A.20, the Board of Assessors established pursuant to section 270.41, the Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience, and Interior Design established pursuant to section 326.04, the Private Detective and Protective Agent Licensing Board established pursuant to section 326.33, the Board of Accountancy established pursuant to section 326A.02, and the Peace Officer Standards and Training Board established pursuant to section 626.841.

Sec. 55. **[245C.125] BACKGROUND STUDY; PROFESSIONAL EDUCATOR LICENSING AND STANDARDS BOARD.**

The commissioner may contract with the Professional Educator Licensing and Standards Board to conduct background studies and obtain background study data as required under this chapter and chapter 122A. When required in chapter 122A, the commissioner must conduct a national criminal history record check.

Sec. 56. Minnesota Statutes 2018, section 626.556, subdivision 10, is amended to read:

Subd. 10. **Duties of local welfare agency and local law enforcement agency upon receipt of report; mandatory notification between police or sheriff and agency.** (a) The police department or the county sheriff shall immediately notify the local welfare agency or agency responsible for child protection reports under this section orally and in writing when a report is received. The local welfare agency or agency responsible for child protection reports shall immediately notify the local police department or the county sheriff orally and in writing when a report is received. The county sheriff and the head of every local welfare agency, agency responsible for child protection reports, and police department shall each designate a person within their agency, department, or office who is responsible for ensuring that the notification duties of this paragraph are carried out. When the alleged maltreatment occurred on tribal land, the local welfare agency or agency responsible for child protection reports and the local police department or the county sheriff shall immediately notify the tribe's social services agency and tribal law enforcement orally and in writing when a report is received. When a police department or county sheriff determines that a child has been the subject of physical abuse, sexual abuse, or neglect by a person licensed by the Professional Educator Licensing and Standards Board or Board of School Administrators, it shall, in addition to its other duties under this section, immediately inform the licensing board. Law enforcement must work collaboratively with the board that has jurisdiction over the matter, including sharing documents and evidence to continue the investigation.

(b) Upon receipt of a report, the local welfare agency shall determine whether to conduct a family assessment or an investigation as appropriate to prevent or provide a remedy for child maltreatment. The local welfare agency:

(1) shall conduct an investigation on reports involving sexual abuse or substantial child endangerment;

(2) shall begin an immediate investigation if, at any time when it is using a family assessment response, it determines that there is reason to believe that sexual abuse or substantial child endangerment or a serious threat to the child's safety exists;

(3) may conduct a family assessment for reports that do not allege sexual abuse or substantial child endangerment. In determining that a family assessment is appropriate, the local welfare agency may consider issues of child safety, parental cooperation, and the need for an immediate response;

(4) may conduct a family assessment on a report that was initially screened and assigned for an investigation. In determining that a complete investigation is not required, the local welfare agency must document the reason for terminating the investigation and notify the local law enforcement agency if the local law enforcement agency is conducting a joint investigation; and

(5) shall provide immediate notice, according to section 260.761, subdivision 2, to an Indian child's tribe when the agency has reason to believe the family assessment or investigation may involve an Indian child. For purposes of this clause, "immediate notice" means notice provided within 24 hours.

If the report alleges neglect, physical abuse, or sexual abuse by a parent, guardian, or individual functioning within the family unit as a person responsible for the child's care, or sexual abuse by a person with a significant relationship to the child when that person resides in the child's household or by a sibling, the local welfare agency shall immediately conduct a family assessment or investigation as identified in clauses (1) to (4). In conducting a family assessment or investigation, the local welfare agency shall gather information on the existence of substance abuse and domestic violence and offer services for purposes of preventing future child maltreatment, safeguarding and enhancing the welfare of the abused or neglected minor, and supporting and preserving family life whenever possible. If the report alleges a violation of a criminal statute involving sexual abuse, physical abuse, or neglect or endangerment, under section 609.378, the local law enforcement agency and local welfare agency shall coordinate the planning and execution of their respective investigation and assessment efforts to avoid a duplication of fact-finding efforts and multiple interviews. Each agency shall prepare a separate report of the results of its investigation or assessment. In cases of alleged child maltreatment resulting in death, the local agency may rely on the fact-finding efforts of a law enforcement investigation to make a determination of whether or not maltreatment occurred. When necessary the local welfare agency shall seek authority to remove the child from the custody of a parent, guardian, or adult with whom the child is living. In performing any of these duties, the local welfare agency shall maintain appropriate records.

If the family assessment or investigation indicates there is a potential for abuse of alcohol or other drugs by the parent, guardian, or person responsible for the child's care, the local welfare agency shall conduct a chemical use assessment pursuant to Minnesota Rules, part 9530.6615.

(c) When a local agency receives a report or otherwise has information indicating that a child who is a client, as defined in section 245.91, has been the subject of physical abuse, sexual abuse, or neglect at an agency, facility, or program as defined in section 245.91, it shall, in addition to its other duties under this section, immediately inform the ombudsman established under sections 245.91 to 245.97. The commissioner of education shall inform the ombudsman established under sections 245.91 to 245.97 of reports regarding a child defined as a client in section 245.91 that maltreatment occurred at a school as defined in section 120A.05, subdivisions 9, 11, and 13, and chapter 124E.

(d) Authority of the local welfare agency responsible for assessing or investigating the child abuse or neglect report, the agency responsible for assessing or investigating the report, and of the local law enforcement agency for investigating the alleged abuse or neglect includes, but is not limited to, authority to interview, without parental consent, the alleged victim and any other minors who currently reside with or who have resided with the alleged offender. The interview may take place at school or at any facility or other place where the alleged victim or other minors might be found or the child may be transported to, and the interview conducted at, a place appropriate for the interview of a child designated by the local welfare agency or law enforcement agency. The interview may take place outside the presence of the alleged offender or parent, legal custodian, guardian, or school official. For family assessments, it is the preferred practice to request a parent or guardian's permission to interview the child prior to conducting the child interview, unless doing so would compromise the safety assessment. Except as provided in this



paragraph, the parent, legal custodian, or guardian shall be notified by the responsible local welfare or law enforcement agency no later than the conclusion of the investigation or assessment that this interview has occurred. Notwithstanding rule 32 of the Minnesota Rules of Procedure for Juvenile Courts, the juvenile court may, after hearing on an ex parte motion by the local welfare agency, order that, where reasonable cause exists, the agency withhold notification of this interview from the parent, legal custodian, or guardian. If the interview took place or is to take place on school property, the order shall specify that school officials may not disclose to the parent, legal custodian, or guardian the contents of the notification of intent to interview the child on school property, as provided under this paragraph, and any other related information regarding the interview that may be a part of the child's school record. A copy of the order shall be sent by the local welfare or law enforcement agency to the appropriate school official.

(e) When the local welfare, local law enforcement agency, or the agency responsible for assessing or investigating a report of maltreatment determines that an interview should take place on school property, written notification of intent to interview the child on school property must be received by school officials prior to the interview. The notification shall include the name of the child to be interviewed, the purpose of the interview, and a reference to the statutory authority to conduct an interview on school property. For interviews conducted by the local welfare agency, the notification shall be signed by the chair of the local social services agency or the chair's designee. The notification shall be private data on individuals subject to the provisions of this paragraph. School officials may not disclose to the parent, legal custodian, or guardian the contents of the notification or any other related information regarding the interview until notified in writing by the local welfare or law enforcement agency that the investigation or assessment has been concluded, unless a school employee or agent is alleged to have maltreated the child. Until that time, the local welfare or law enforcement agency or the agency responsible for assessing or investigating a report of maltreatment shall be solely responsible for any disclosures regarding the nature of the assessment or investigation.

Except where the alleged offender is believed to be a school official or employee, the time and place, and manner of the interview on school premises shall be within the discretion of school officials, but the local welfare or law enforcement agency shall have the exclusive authority to determine who may attend the interview. The conditions as to time, place, and manner of the interview set by the school officials shall be reasonable and the interview shall be conducted not more than 24 hours after the receipt of the notification unless another time is considered necessary by agreement between the school officials and the local welfare or law enforcement agency. Where the school fails to comply with the provisions of this paragraph, the juvenile court may order the school to comply. Every effort must be made to reduce the disruption of the educational program of the child, other students, or school staff when an interview is conducted on school premises.

(f) Where the alleged offender or a person responsible for the care of the alleged victim or other minor prevents access to the victim or other minor by the local welfare agency, the juvenile court may order the parents, legal custodian, or guardian to produce the alleged victim or other minor for questioning by the local welfare agency or the local law enforcement agency outside the presence of the alleged offender or any person responsible for the child's care at reasonable places and times as specified by court order.

(g) Before making an order under paragraph (f), the court shall issue an order to show cause, either upon its own motion or upon a verified petition, specifying the basis for the requested interviews and fixing the time and place of the hearing. The order to show cause shall be served personally and shall be heard in the same manner as provided in other cases in the juvenile court. The court shall consider the need for appointment of a guardian ad litem to protect the best interests of the child. If appointed, the guardian ad litem shall be present at the hearing on the order to show cause.

(h) The commissioner of human services, the ombudsman for mental health and developmental disabilities, the local welfare agencies responsible for investigating reports, the commissioner of education, and the local law enforcement agencies have the right to enter facilities as defined in subdivision 2 and to inspect and copy the

facility's records, including medical records, as part of the investigation. Notwithstanding the provisions of chapter 13, they also have the right to inform the facility under investigation that they are conducting an investigation, to disclose to the facility the names of the individuals under investigation for abusing or neglecting a child, and to provide the facility with a copy of the report and the investigative findings.

(i) The local welfare agency responsible for conducting a family assessment or investigation shall collect available and relevant information to determine child safety, risk of subsequent child maltreatment, and family strengths and needs and share not public information with an Indian's tribal social services agency without violating any law of the state that may otherwise impose duties of confidentiality on the local welfare agency in order to implement the tribal state agreement. The local welfare agency or the agency responsible for investigating the report shall collect available and relevant information to ascertain whether maltreatment occurred and whether protective services are needed. Information collected includes, when relevant, information with regard to the person reporting the alleged maltreatment, including the nature of the reporter's relationship to the child and to the alleged offender, and the basis of the reporter's knowledge for the report; the child allegedly being maltreated; the alleged offender; the child's caretaker; and other collateral sources having relevant information related to the alleged maltreatment. The local welfare agency or the agency responsible for investigating the report may make a determination of no maltreatment early in an investigation, and close the case and retain immunity, if the collected information shows no basis for a full investigation.

Information relevant to the assessment or investigation must be asked for, and may include:

(1) the child's sex and age; prior reports of maltreatment, including any maltreatment reports that were screened out and not accepted for assessment or investigation; information relating to developmental functioning; credibility of the child's statement; and whether the information provided under this clause is consistent with other information collected during the course of the assessment or investigation;

(2) the alleged offender's age, a record check for prior reports of maltreatment, and criminal charges and convictions. The local welfare agency or the agency responsible for assessing or investigating the report must provide the alleged offender with an opportunity to make a statement. The alleged offender may submit supporting documentation relevant to the assessment or investigation;

(3) collateral source information regarding the alleged maltreatment and care of the child. Collateral information includes, when relevant: (i) a medical examination of the child; (ii) prior medical records relating to the alleged maltreatment or the care of the child maintained by any facility, clinic, or health care professional and an interview with the treating professionals; and (iii) interviews with the child's caretakers, including the child's parent, guardian, foster parent, child care provider, teachers, counselors, family members, relatives, and other persons who may have knowledge regarding the alleged maltreatment and the care of the child; and

(4) information on the existence of domestic abuse and violence in the home of the child, and substance abuse.

Nothing in this paragraph precludes the local welfare agency, the local law enforcement agency, or the agency responsible for assessing or investigating the report from collecting other relevant information necessary to conduct the assessment or investigation. Notwithstanding sections 13.384 or 144.291 to 144.298, the local welfare agency has access to medical data and records for purposes of clause (3). Notwithstanding the data's classification in the possession of any other agency, data acquired by the local welfare agency or the agency responsible for assessing or investigating the report during the course of the assessment or investigation are private data on individuals and must be maintained in accordance with subdivision 11. Data of the commissioner of education collected or maintained during and for the purpose of an investigation of alleged maltreatment in a school are governed by this section, notwithstanding the data's classification as educational, licensing, or personnel data under chapter 13.

In conducting an assessment or investigation involving a school facility as defined in subdivision 2, paragraph (c), the commissioner of education shall collect investigative reports and data that are relevant to a report of maltreatment and are from local law enforcement and the school facility.

(j) Upon receipt of a report, the local welfare agency shall conduct a face-to-face contact with the child reported to be maltreated and with the child's primary caregiver sufficient to complete a safety assessment and ensure the immediate safety of the child. The face-to-face contact with the child and primary caregiver shall occur immediately if sexual abuse or substantial child endangerment is alleged and within five calendar days for all other reports. If the alleged offender was not already interviewed as the primary caregiver, the local welfare agency shall also conduct a face-to-face interview with the alleged offender in the early stages of the assessment or investigation. At the initial contact, the local child welfare agency or the agency responsible for assessing or investigating the report must inform the alleged offender of the complaints or allegations made against the individual in a manner consistent with laws protecting the rights of the person who made the report. The interview with the alleged offender may be postponed if it would jeopardize an active law enforcement investigation.

(k) When conducting an investigation, the local welfare agency shall use a question and answer interviewing format with questioning as nondirective as possible to elicit spontaneous responses. For investigations only, the following interviewing methods and procedures must be used whenever possible when collecting information:

(1) audio recordings of all interviews with witnesses and collateral sources; and

(2) in cases of alleged sexual abuse, audio-video recordings of each interview with the alleged victim and child witnesses.

(l) In conducting an assessment or investigation involving a school facility as defined in subdivision 2, paragraph (c), the commissioner of education shall collect available and relevant information and use the procedures in paragraphs (j) and (k), and subdivision 3d, except that the requirement for face-to-face observation of the child and face-to-face interview of the alleged offender is to occur in the initial stages of the assessment or investigation provided that the commissioner may also base the assessment or investigation on investigative reports and data received from the school facility and local law enforcement, to the extent those investigations satisfy the requirements of paragraphs (j) and (k), and subdivision 3d.

Sec. 57. Minnesota Statutes 2018, section 626.556, subdivision 11, is amended to read:

Subd. 11. **Records.** (a) Except as provided in paragraph (b) and subdivisions 10b, 10d, 10g, and 11b, all records concerning individuals maintained by a local welfare agency or agency responsible for assessing or investigating the report under this section, including any written reports filed under subdivision 7, shall be private data on individuals, except insofar as copies of reports are required by subdivision 7 to be sent to the local police department or the county sheriff. All records concerning determinations of maltreatment by a facility are nonpublic data as maintained by the Department of Education, except insofar as copies of reports are required by subdivision 7 to be sent to the local police department or the county sheriff. Reports maintained by any police department or the county sheriff shall be private data on individuals except the reports shall be made available to the investigating, petitioning, or prosecuting authority, including county medical examiners or county coroners. Section 13.82, subdivisions 8, 9, and 14, apply to law enforcement data other than the reports. The local social services agency or agency responsible for assessing or investigating the report shall make available to the investigating, petitioning, or prosecuting authority, including county medical examiners or county coroners or their professional delegates, any records which contain information relating to a specific incident of neglect or abuse which is under investigation, petition, or prosecution and information relating to any prior incidents of neglect or abuse involving any of the same persons. The records shall be collected and maintained in accordance with the provisions of chapter 13. In conducting investigations and assessments pursuant to this section, the notice required by section 13.04, subdivision 2, need not be provided to a minor under the age of ten who is the alleged victim of abuse or neglect. An individual

subject of a record shall have access to the record in accordance with those sections, except that the name of the reporter shall be confidential while the report is under assessment or investigation except as otherwise permitted by this subdivision. Any person conducting an investigation or assessment under this section who intentionally discloses the identity of a reporter prior to the completion of the investigation or assessment is guilty of a misdemeanor. After the assessment or investigation is completed, the name of the reporter shall be confidential. The subject of the report may compel disclosure of the name of the reporter only with the consent of the reporter or upon a written finding by the court that the report was false and that there is evidence that the report was made in bad faith. This subdivision does not alter disclosure responsibilities or obligations under the Rules of Criminal Procedure.

(b) Upon request of the legislative auditor, data on individuals maintained under this section must be released to the legislative auditor in order for the auditor to fulfill the auditor's duties under section 3.971. The auditor shall maintain the data in accordance with chapter 13.

(c) The commissioner of education must be provided with all requested data that are relevant to a report of maltreatment and are in possession of a school facility as defined in subdivision 2, paragraph (c), when the data is requested pursuant to an assessment or investigation of a maltreatment report of a student in a school. If the commissioner of education makes a determination of maltreatment involving an individual performing work within a school facility who is licensed by a board or other agency, the commissioner shall provide ~~necessary and relevant information~~ a copy of its offender maltreatment determination report to the licensing entity ~~to enable the entity to fulfill its statutory duties,~~ with all student identifying information removed. The offender maltreatment determination report shall include but is not limited to the following sections: report of alleged maltreatment; legal standard; investigation; summary of findings; determination; corrective action by a school; reconsideration process; and a listing of records related to the investigation. Notwithstanding section 13.03, subdivision 4, data received by a licensing entity under this paragraph are governed by section 13.41 or other applicable law governing data of the receiving entity, except that this section applies to the classification of and access to data on the reporter of the maltreatment.

Sec. 58. Minnesota Statutes 2018, section 631.40, subdivision 4, is amended to read:

Subd. 4. **Licensed teachers.** When a person is convicted of child abuse, as defined in section 609.185, ~~or~~; sexual abuse under section 609.342, 609.343, 609.344, 609.345, 609.3451, subdivision 3, or 617.23, subdivision 3; sex trafficking in the first degree under section 609.322, subdivision 1; sex trafficking in the second degree under section 609.322, subdivision 1a; engaging in hiring, or agreeing to hire a minor to engage in prostitution under section 609.324, subdivisions 1 and 1a; exposure under section 617.23, subdivisions 2 and 3; solicitation of children to engage in sexual conduct or communication of sexually explicit materials to children under section 609.352; interference with privacy under section 609.746; stalking under section 609.749, and the victim was a minor; using minors in a sexual performance under section 617.246; possessing pornographic works involving a minor under section 617.247; or any other offense not listed in this subdivision that requires the person to register as a predatory offender under section 243.166; the court shall determine whether the person is licensed to teach under chapter 122A. If the offender is a licensed teacher, the court administrator shall send a certified copy of the conviction to the Professional Educator Licensing and Standards Board or the Board of School Administrators, whichever has jurisdiction over the teacher's license, within ten days after the conviction.

Sec. 59. Laws 2016, chapter 189, article 25, section 62, subdivision 4, is amended to read:

Subd. 4. **Northwest Regional Partnership concurrent enrollment program.** (a) For a grant to the Lakes Country Service Cooperative to operate a continuing education program:

\$ ~~3,000,000~~ 2,000,000 . . . . . 2017

(b) This is a onetime appropriation. This appropriation is available until June 30, 2019.

(c) \$1,000,000 of the initial appropriation in fiscal year 2017 is canceled to the state general fund.

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

Sec. 60. Laws 2017, First Special Session chapter 5, article 2, section 57, subdivision 37, is amended to read:

Subd. 37. **Statewide concurrent enrollment teacher training program.** (a) For the statewide concurrent enrollment teacher training program under Laws 2016, chapter 189, article 25, section 58, as amended:

\$ <del>375,000</del> <u>350,000</u>	. . . . .	2018
\$ <del>375,000</del> <u>0</u>	. . . . .	2019

(b) Any balance in ~~the first~~ fiscal year 2018 does not cancel but is available in ~~the second~~ fiscal year 2019. \$400,000 of the initial appropriations in fiscal years 2018 and 2019 is canceled to the state general fund on June 30, 2019.

(c) The base for this program is \$375,000 per year.

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

Sec. 61. **AGRICULTURAL EDUCATOR GRANTS.**

Subdivision 1. **Grant program established.** A grant program is established to support school districts in paying agricultural education teachers for work over the summer with high school students in extended programs.

Subd. 2. **Application.** The commissioner of education shall develop the form and method for applying for the grants. The commissioner shall develop criteria for determining the allocation of the grants, including appropriate goals for the use of the grants.

Subd. 3. **Grant awards.** Grant funding under this section must be matched by funding from the school district for the agricultural education teacher's summer employment. Grant funding for each teacher is limited to the one-half share of 40 working days.

Subd. 4. **Reports.** School districts that receive grant funds shall report to the commissioner of education no later than December 31 of each year regarding the number of teachers funded by the grant program and the outcomes compared to the goals established in the grant application. The commissioner of education shall develop the criteria necessary for the reports.

Sec. 62. **APPROPRIATIONS.**

Subdivision 1. **Professional Educator and Licensing Standards Board.** The sums indicated in this section are appropriated from the general fund to the Professional Educator and Licensing Standards Board for the fiscal years designated.

Subd. 2. **Collaborative urban and greater Minnesota educators of color grants.** (a) For transfer to the collaborative urban and greater Minnesota educators of color competitive account under Minnesota Statutes, section 122A.635, subdivision 4:

<u>\$3,000,000</u>	. . . . .	<u>2020</u>
<u>\$3,000,000</u>	. . . . .	<u>2021</u>

(b) The board may retain up to three percent of the appropriation amount to monitor and administer the grant program and a portion of these funds may be transferred to the Office of Higher Education as determined by the executive director of the board and commissioner to support the administration of the program.

(c) The base for fiscal years 2022 and 2023 is \$6,000,000.

**Subd. 3. Mentoring, induction, and retention incentive program grants for teachers of color.** (a) For transfer to the Professional Educator Licensing and Standards Board for the development and expansion of mentoring, induction, and retention programs for teachers of color or American Indian teachers under Minnesota Statutes, section 122A.70:

<u>\$1,500,000</u>	.....	<u>2020</u>
<u>\$1,500,000</u>	.....	<u>2021</u>

(b) The board may retain up to five percent of the appropriation amount for monitoring and administering the grant program and may have an interagency agreement with the Department of Education including transfer of funds to help administer the program.

(c) Any balance in the first year does not cancel but is available in the second year.

(d) The base for fiscal year 2022 and later is \$2,000,000.

**Sec. 63. APPROPRIATIONS.**

**Subdivision 1. Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

**Subd. 2. Expanded concurrent enrollment grants.** (a) For grants to institutions offering "Introduction to Teaching" or "Introduction to Education" college in the schools courses under Minnesota Statutes, section 124D.09, subdivision 10, paragraph (b):

<u>\$375,000</u>	.....	<u>2020</u>
<u>\$375,000</u>	.....	<u>2021</u>

(b) The department may retain up to five percent of the appropriation amount to monitor and administer the grant program.

(c) Any balance in the first year does not cancel but is available in the second year.

**Subd. 3. Alternative teacher compensation aid.** (a) For alternative teacher compensation aid under Minnesota Statutes, section 122A.415, subdivision 4:

<u>\$89,211,000</u>	.....	<u>2020</u>
<u>\$88,853,000</u>	.....	<u>2021</u>

(b) The 2020 appropriation includes \$8,974,000 for 2019 and \$80,237,000 for 2020.

(c) The 2021 appropriation includes \$8,915,000 for 2020 and \$79,938,000 for 2021.

Subd. 4. **Agricultural educator grants.** (a) For agricultural educator grants under Laws 2017, First Special Session chapter 5, article 2, section 51:

<u>\$250,000</u>	<u>.....</u>	<u>2020</u>
<u>\$250,000</u>	<u>.....</u>	<u>2021</u>

(b) Any balance in the first year does not cancel but is available in the second year.

Subd. 5. **Statewide concurrent enrollment teacher training program.** (a) For the statewide concurrent enrollment teacher training program under Laws 2016, chapter 189, article 25, section 58, as amended:

<u>\$375,000</u>	<u>.....</u>	<u>2020</u>
<u>\$375,000</u>	<u>.....</u>	<u>2021</u>

(b) Any balance in the first year does not cancel but is available in the second year.

Subd. 6. **Inclusive school enhancement grants.** (a) To support schools in their efforts to close opportunity and achievement gaps under Minnesota Statutes, section 120B.113:

<u>\$2,500,000</u>	<u>.....</u>	<u>2020</u>
<u>\$2,500,000</u>	<u>.....</u>	<u>2021</u>

(b) The department may use up to five percent of the appropriation amount to administer the grant program.

(c) Any balance in the first year does not cancel but is available in the second year.

(d) The base for fiscal year 2022 and later is \$3,000,000.

Subd. 7. **Come Teach in Minnesota hiring bonuses.** (a) For the Come Teach in Minnesota hiring bonuses program under Minnesota Statutes, section 122A.59:

<u>\$1,050,000</u>	<u>.....</u>	<u>2020</u>
<u>\$1,050,000</u>	<u>.....</u>	<u>2021</u>

(b) The department may use up to five percent of the appropriation amount to administer the program under this subdivision.

(c) Any balance in the first year does not cancel but is available in the second year.

Subd. 8. **American Indian teacher preparation grants.** (a) For joint grants to assist American Indian people to become teachers under Minnesota Statutes, section 122A.63:

<u>\$1,060,000</u>	<u>.....</u>	<u>2020</u>
<u>\$1,060,000</u>	<u>.....</u>	<u>2021</u>

(b) The department may use up to five percent of the appropriation amount to administer the grant program.

(c) Any balance in the first year does not cancel but is available in the second year.

**Subd. 9. Grow Your Own pathways to teacher licensure grants.** (a) For grants to develop or expand Grow Your Own programs under Minnesota Statutes, section 122A.685:

<u>\$5,000,000</u>	<u>.....</u>	<u>2020</u>
<u>\$5,000,000</u>	<u>.....</u>	<u>2021</u>

(b) Of this amount in each fiscal year, \$2,000,000 is for nonconventional teacher residency programs under Minnesota Statutes, section 122A.685, subdivision 3.

(c) Of this amount in each fiscal year, \$3,000,000 is for expanded Grow Your Own programs under Minnesota Statutes, section 122A.685, subdivision 4.

(d) The department may retain up to three percent of the appropriation amount to monitor and administer the grant program.

(e) Any balance in the first year does not cancel but is available in the second year.

**Subd. 10. Reports on increasing percentage of teachers of color and American Indian teachers.** (a) For transfer to the Professional Educator Licensing and Standards Board for annual reports regarding efforts to increase the percentage of teachers of color and American Indian teachers in Minnesota schools pursuant to Minnesota Statutes, section 120B.117, subdivision 4:

<u>\$15,000</u>	<u>.....</u>	<u>2020</u>
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(b) The base for fiscal year 2022 and each even-numbered fiscal year thereafter is \$15,000.

**Subd. 11. Minnesota Council on Economic Education.** (a) For a grant to the Minnesota Council on Economic Education:

<u>\$500,000</u>	<u>.....</u>	<u>2020</u>
<u>\$500,000</u>	<u>.....</u>	<u>2021</u>

(b) The grant must be used to:

(1) provide professional development to Minnesota's kindergarten through grade 12 teachers implementing state graduation standards in learning areas related to economic education; and

(2) support the direct-to-student ancillary economic and personal finance programs that Minnesota teachers supervise and coach.

(c) By February 15 of each year following the receipt of a grant, the Minnesota Council on Economic Education must report to the commissioner of education on the number and type of in-person and online teacher professional development opportunities provided by the Minnesota Council on Economic Education or its affiliated state centers. The report must include a description of the content, length, and location of the programs; the number of preservice and licensed teachers receiving professional development through each of these opportunities; and summaries of evaluations of teacher professional opportunities.

(d) The Department of Education must pay the full amount of the grant to the Minnesota Council on Economic Education by August 15 of each year. The Minnesota Council on Economic Education must submit its fiscal reporting in the form and manner specified by the commissioner. The commissioner may request additional information as necessary.

(e) Any balance in the first year does not cancel but is available in the second year.



Subd. 12. **Statewide concurrent enrollment training program.** (a) For the Northwest Regional Partnership concurrent enrollment program and the statewide concurrent enrollment teacher training program under Laws 2016, chapter 189, article 25, section 58, as amended by Laws 2017, First Special Session chapter 5, article 2, section 48:

\$1,400,000                      .....                      2020

(b) Any balance in 2020 does not cancel but is available until June 30, 2021.

Sec. 64. **REPEALER.**

(a) Laws 2017, First Special Session chapter 5, article 11, section 6, is repealed.

(b) Minnesota Statutes 2018, sections 122A.09, subdivision 1; 122A.182, subdivision 2; and 122A.63, subdivisions 7 and 8, are repealed.

(c) Minnesota Rules, part 8710.2100, subparts 1 and 2, are repealed.

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

#### ARTICLE 4 SPECIAL EDUCATION

Section 1. Minnesota Statutes 2018, section 124E.21, subdivision 1, is amended to read:

Subdivision 1. **Special education aid.** (a) Except as provided in section 124E.23, special education aid, excluding cross subsidy reduction aid under section 125A.76, subdivision 2e, must be paid to a charter school according to section 125A.76, as though it were a school district.

(b) For fiscal year ~~2015~~ 2020 and later, the special education aid paid to the charter school shall be adjusted as follows:

(1) if the charter school does not receive general education revenue on behalf of the student according to section 124E.20, the aid shall be adjusted as provided in section 125A.11; or

(2) if the charter school receives general education revenue on behalf of the student according to section 124E.20, the aid shall be adjusted as provided in section 127A.47, subdivision 7, paragraphs (b) to (e), and if the tuition adjustment is computed under section 127A.47, subdivision 7, paragraph (c), it shall also receive an adjustment equal to five percent for fiscal year 2020 or ten percent for fiscal year 2021 and later of the unreimbursed cost of providing special education and services for the student.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2020 and later.

Sec. 2. Minnesota Statutes 2018, section 125A.08, is amended to read:

#### **125A.08 INDIVIDUALIZED EDUCATION PROGRAMS.**

(a) At the beginning of each school year, each school district shall have in effect, for each child with a disability, an individualized education program.

(b) As defined in this section, every district must ensure the following:

(1) all students with disabilities are provided the special instruction and services which are appropriate to their needs. Where the individualized education program team has determined appropriate goals and objectives based on the student's needs, including the extent to which the student can be included in the least restrictive environment, and where there are essentially equivalent and effective instruction, related services, or assistive technology devices available to meet the student's needs, cost to the district may be among the factors considered by the team in choosing how to provide the appropriate services, instruction, or devices that are to be made part of the student's individualized education program. The individualized education program team shall consider and may authorize services covered by medical assistance according to section 256B.0625, subdivision 26. Before a school district evaluation team makes a determination of other health disability under Minnesota Rules, part 3525.1335, subparts 1 and 2, item A, subitem (1), the evaluation team must seek written documentation of the student's medically diagnosed chronic or acute health condition signed by a licensed physician or a licensed health care provider acting within the scope of the provider's practice. The student's needs and the special education instruction and services to be provided must be agreed upon through the development of an individualized education program. The program must address the student's need to develop skills to live and work as independently as possible within the community. The individualized education program team must consider positive behavioral interventions, strategies, and supports that address behavior needs for children. During grade 9, the program must address the student's needs for transition from secondary services to postsecondary education and training, employment, community participation, recreation, and leisure and home living. In developing the program, districts must inform parents of the full range of transitional goals and related services that should be considered. The program must include a statement of the needed transition services, including a statement of the interagency responsibilities or linkages or both before secondary services are concluded. If the individualized education program meets the plan components in section 120B.125, the individualized education program satisfies the requirement and no additional transition plan is needed; An individualized education program team, after affirmative approval of the parent, may eliminate benchmarks or short-term objectives, except for students who take alternative assessments. The individualized education program may report the student's performance on general state or districtwide assessments related to the student's educational needs;

(2) children with a disability under age five and their families are provided special instruction and services appropriate to the child's level of functioning and needs;

(3) children with a disability and their parents or guardians are guaranteed procedural safeguards and the right to participate in decisions involving identification, assessment including assistive technology assessment, and educational placement of children with a disability;

(4) eligibility and needs of children with a disability are determined by an initial evaluation or reevaluation, which may be completed using existing data under United States Code, title 20, section 33, et seq.;

(5) to the maximum extent appropriate, children with a disability, including those in public or private institutions or other care facilities, are educated with children who are not disabled, and that special classes, separate schooling, or other removal of children with a disability from the regular educational environment occurs only when and to the extent that the nature or severity of the disability is such that education in regular classes with the use of supplementary services cannot be achieved satisfactorily;

(6) in accordance with recognized professional standards, testing and evaluation materials, and procedures used for the purposes of classification and placement of children with a disability are selected and administered so as not to be racially or culturally discriminatory; and

(7) the rights of the child are protected when the parents or guardians are not known or not available, or the child is a ward of the state.

(c) For all paraprofessionals employed to work in programs whose role in part is to provide direct support to students with disabilities, the school board in each district shall ensure that:

(1) before or beginning at the time of employment, each paraprofessional must develop sufficient knowledge and skills in emergency procedures, building orientation, roles and responsibilities, confidentiality, vulnerability, and reportability, among other things, to begin meeting the needs, especially disability-specific and behavioral needs, of the students with whom the paraprofessional works;

(2) before beginning work alone with an individual student with a disability, the assigned paraprofessional must be either given paid time or time during the school day to review a student's individualized education program or be briefed on the student's specific needs by appropriate staff;

~~(2)~~ (3) annual training opportunities are required to enable the paraprofessional to continue to further develop the knowledge and skills that are specific to the students with whom the paraprofessional works, including understanding disabilities, the unique and individual needs of each student according to the student's disability and how the disability affects the student's education and behavior, following lesson plans, and implementing follow-up instructional procedures and activities; ~~and~~

(4) a minimum of eight hours of paid orientation or professional development must be provided annually to all paraprofessionals, Title I aides, and other instructional support staff. Four of the eight hours must be completed before the first instructional day of the school year or within 30 days of hire. The orientation or professional development must be relevant to the employee's occupation and may include collaboration time with classroom teachers and planning for the school year. For paraprofessionals who provide direct support to students, at least 50 percent of the professional development or orientation must be dedicated to meeting the requirements of this section. Professional development for paraprofessionals may also address the requirements of section 120B.363, subdivision 3. A school administrator must provide an annual certification of compliance with this requirement to the commissioner; and

~~(3)~~ (5) a districtwide process obligates each paraprofessional to work under the ongoing direction of a licensed teacher and, where appropriate and possible, the supervision of a school nurse.

(d) A school district may conduct a functional behavior assessment as defined in Minnesota Rules, part 3525.0210, subpart 22, as a stand-alone evaluation without conducting a comprehensive evaluation of the student.

Sec. 3. Minnesota Statutes 2018, section 125A.091, subdivision 3a, is amended to read:

Subd. 3a. **Additional requirements for prior written notice.** In addition to federal law requirements, a prior written notice shall:

(1) inform the parent that except for the initial placement of a child in special education, the school district will proceed with its proposal for the child's placement or for providing special education services unless the child's parent notifies the district of an objection within 14 days of when the district sends the prior written notice to the parent; and

(2) state that a parent who objects to a proposal or refusal in the prior written notice may:

(i) request a conciliation conference under subdivision 7 or another alternative dispute resolution procedure under subdivision 8 or 9; or

(ii) identify the specific part of the proposal or refusal the parent objects to and request a meeting with appropriate members of the individualized education program team.

Sec. 4. Minnesota Statutes 2018, section 125A.091, subdivision 7, is amended to read:

Subd. 7. **Conciliation conference.** A parent must have an opportunity to request a meeting with appropriate members of the individualized education program team or meet with appropriate district staff in at least one conciliation conference if the parent objects to any proposal of which the parent receives notice under subdivision 3a. A district must hold a conciliation conference within ten calendar days from the date the district receives a parent's ~~objection to a proposal or refusal in the prior written notice~~ request for a conciliation conference. Except as provided in this section, all discussions held during a conciliation conference are confidential and are not admissible in a due process hearing. Within five school days after the final conciliation conference, the district must prepare and provide to the parent a conciliation conference memorandum that describes the district's final proposed offer of service. This memorandum is admissible in evidence in any subsequent proceeding.

Sec. 5. Minnesota Statutes 2018, section 125A.11, subdivision 1, is amended to read:

Subdivision 1. **Nonresident tuition rate; other costs.** (a) For fiscal year 2015 and later, when a school district provides special instruction and services for a pupil with a disability as defined in section 125A.02 outside the district of residence, excluding a pupil for whom an adjustment to special education aid is calculated according to section 127A.47, subdivision 7, paragraphs (b) to (d), special education aid paid to the resident district must be reduced by an amount equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for special transportation, plus (2) the amount of general education revenue, excluding local optional revenue, plus local optional aid and referendum equalization aid attributable to that pupil, calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit excluding basic skills revenue, elementary sparsity revenue and secondary sparsity revenue, minus (3) the amount of special education aid for children with a disability under section 125A.76 received on behalf of that child, excluding cross subsidy reduction aid under section 125A.76, subdivision 2e, minus (4) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum equalization aid, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit excluding basic skills revenue, elementary sparsity revenue and secondary sparsity revenue and the serving district's basic skills revenue, elementary sparsity revenue and secondary sparsity revenue per adjusted pupil unit. Notwithstanding clauses (1) and (4), for pupils served by a cooperative unit without a fiscal agent school district, the general education revenue and referendum equalization aid attributable to a pupil must be calculated using the resident district's average general education revenue and referendum equalization aid excluding compensatory revenue, elementary sparsity revenue, and secondary sparsity revenue. Special education aid paid to the district or cooperative providing special instruction and services for the pupil must be increased by the amount of the reduction in the aid paid to the resident district. If the resident district's special education aid is insufficient to make the full adjustment, the remaining adjustment shall be made to other state aid due to the district.

(b) Notwithstanding paragraph (a), when a charter school receiving special education aid under section 124E.21, subdivision 3, provides special instruction and services for a pupil with a disability as defined in section 125A.02, excluding a pupil for whom an adjustment to special education aid is calculated according to section 127A.47, subdivision 7, paragraphs (b) to (e), special education aid paid to the resident district must be reduced by an amount equal to that calculated under paragraph (a) as if the charter school received aid under section 124E.21, subdivision 1. Notwithstanding paragraph (a), special education aid paid to the charter school providing special instruction and services for the pupil must not be increased by the amount of the reduction in the aid paid to the resident district.

(c) Notwithstanding paragraph (a) and section 127A.47, subdivision 7, paragraphs (b) to (d):

(1) an intermediate district or a special education cooperative may recover unreimbursed costs of serving pupils with a disability, including building lease, debt service, and indirect costs necessary for the general operation of the organization, by billing membership fees and nonmember access fees to the resident district;

(2) a charter school where more than 30 percent of enrolled students receive special education and related services, a site approved under section 125A.515, an intermediate district, a site constructed according to Laws 1992, chapter 558, section 7, subdivision 7, to meet the educational needs of court-placed adolescents, or a special education cooperative may apply to the commissioner for authority to charge the resident district an additional amount to recover any remaining unreimbursed costs of serving pupils with a disability;

(3) the billing under clause (1) or application under clause (2) must include a description of the costs and the calculations used to determine the unreimbursed portion to be charged to the resident district. Amounts approved by the commissioner under clause (2) must be included in the aid adjustments under paragraph (a), or section 127A.47, subdivision 7, paragraphs (b) to (d), as applicable.

(d) For purposes of this subdivision and section 127A.47, subdivision 7, paragraph (b), "general education revenue and referendum equalization aid" means the sum of the general education revenue according to section 126C.10, subdivision 1, excluding the local optional levy according to section 126C.10, subdivision 2e, paragraph (c), plus the referendum equalization aid according to section 126C.17, subdivision 7.

Sec. 6. Minnesota Statutes 2018, section 125A.50, subdivision 1, is amended to read:

Subdivision 1. **Commissioner approval.** The commissioner may approve applications from districts initiating or significantly changing a program to provide prevention services as an alternative to special education and other compensatory programs. A district with an approved program may provide instruction and services in a regular education classroom, or an area learning center, to eligible pupils. Pupils eligible to participate in the program are pupils who need additional academic or behavioral support to succeed in the general education environment and who may eventually qualify for special education instruction or related services under sections 125A.03 to 125A.24 and 125A.65 if the intervention services authorized by this section were unavailable. A pupil with an individualized education program may participate in the program in a service area which the individualized education program team has determined is not an educational need that results from the pupil's disability. Pupils may be provided services during extended school days and throughout the entire year and through the assurance of mastery program under sections 125A.03 to 125A.24 and 125A.65.

Sec. 7. **[125A.755] PARAPROFESSIONAL TRAINING AID.**

Beginning in fiscal year 2020, each school district, charter school, and cooperative organization serving pupils is eligible for paraprofessional training aid. Paraprofessional training aid equals \$200 times the number of paraprofessionals, Title I aides, and other instructional support staff employed by the school district, charter school, or cooperative organization during the previous school year. A school district must reserve paraprofessional training aid and spend it only on the training required in section 125A.08.

Sec. 8. Minnesota Statutes 2018, section 125A.76, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For the purposes of this section and section 125A.79, the definitions in this subdivision apply.

(b) "Basic revenue" has the meaning given it in section 126C.10, subdivision 2. For the purposes of computing basic revenue pursuant to this section, each child with a disability shall be counted as prescribed in section 126C.05, subdivision 1.

(c) "Essential personnel" means teachers, cultural liaisons, related services, and support services staff providing services to students. Essential personnel may also include special education paraprofessionals or clericals providing support to teachers and students by preparing paperwork and making arrangements related to special education compliance requirements, including parent meetings and individualized education programs. Essential personnel does not include administrators and supervisors.

(d) "Average daily membership" has the meaning given it in section 126C.05.

(e) "Program growth factor" means ~~1.046 for fiscal years 2012 through 2015, 1.0 for fiscal year 2016,~~ 1.046 for fiscal year 2017, and the product of 1.046 and the program growth factor for the previous year for fiscal year 2018 and later.

(f) "Nonfederal special education expenditure" means all direct expenditures that are necessary and essential to meet the district's obligation to provide special instruction and services to children with a disability according to sections 124D.454, 125A.03 to 125A.24, 125A.259 to 125A.48, and 125A.65 as submitted by the district and approved by the department under section 125A.75, subdivision 4, excluding expenditures:

- (1) reimbursed with federal funds;
- (2) reimbursed with other state aids under this chapter;
- (3) for general education costs of serving students with a disability;
- (4) for facilities;
- (5) for pupil transportation; and
- (6) for postemployment benefits.

(g) "Old formula special education expenditures" means expenditures eligible for revenue under Minnesota Statutes 2012, section 125A.76, subdivision 2.

(h) For the Minnesota State Academy for the Deaf and the Minnesota State Academy for the Blind, expenditures under paragraphs (f) and (g) are limited to the salary and fringe benefits of one-to-one instructional and behavior management aides and one-to-one licensed, certified professionals assigned to a child attending the academy, if the aides or professionals are required by the child's individualized education program.

~~(i) "Special education aid increase limit" means \$80 for fiscal year 2016, \$100 for fiscal year 2017, and, for fiscal year 2018 and later, the sum of the special education aid increase limit for the previous fiscal year and \$40.~~

~~(j) (i) "District" means a school district, a charter school, or a cooperative unit as defined in section 123A.24, subdivision 2. Notwithstanding section 123A.26, cooperative units as defined in section 123A.24, subdivision 2, are eligible to receive special education aid under this section and section 125A.79.~~

(j) "Initial special education cross subsidy" means the greater of zero or:

- (1) the nonfederal special education expenditure under paragraph (f); plus
- (2) the cost of providing transportation services for pupils with disabilities under section 123B.92, subdivision 1, paragraph (b), clause (4); minus

(3) the special education aid under subdivision 2c and sections 125A.11, subdivision 1, and 127A.47, subdivision 7; minus

(4) the amount of general education revenue, excluding local optional revenue, plus local optional aid and referendum equalization aid attributable to pupils receiving special instruction and services outside the regular classroom for more than 60 percent of the school day for the portion of time the pupils receive special instruction and services outside the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation.

(k) The "minimum aid adjustment multiplier" for fiscal year 2020 equals 1.046. For fiscal year 2021 and later, the minimum aid adjustment multiplier equals the greater of 1.02 or the minimum aid adjustment multiplier for the previous year minus 0.002.

(l) The "minimum aid adjustment factor" for fiscal year 2020 equals the program growth factor for fiscal year 2020. For fiscal year 2021 and later, the minimum aid adjustment factor equals the product of the minimum aid adjustment factor for the previous fiscal year and the minimum aid adjustment multiplier.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2020 and later.

Sec. 9. Minnesota Statutes 2018, section 125A.76, subdivision 2a, is amended to read:

Subd. 2a. **Special education initial aid.** For fiscal year ~~2016~~ 2021 and later, a district's special education initial aid equals the sum of:

(1) the least of 62 percent of the district's old formula special education expenditures for the prior fiscal year, excluding pupil transportation expenditures, 50 percent of the district's nonfederal special education expenditures for the prior year, excluding pupil transportation expenditures, or 56 percent of the product of the sum of the following amounts, computed using prior fiscal year data, and the program growth factor:

(i) the product of the district's average daily membership served and the sum of:

(A) ~~\$450~~ \$460; plus

(B) ~~\$400~~ \$405 times the ratio of the sum of the number of pupils enrolled on October 1 who are eligible to receive free lunch plus one-half of the pupils enrolled on October 1 who are eligible to receive reduced-price lunch to the total October 1 enrollment; plus

(C) .008 times the district's average daily membership served; plus

(ii) ~~\$10,400~~ \$13,300 times the December 1 child count for the primary disability areas of autism spectrum disorders, developmental delay, and severely multiply impaired; plus

(iii) ~~\$18,000~~ \$19,200 times the December 1 child count for the primary disability areas of deaf and hard-of-hearing and emotional or behavioral disorders; plus

(iv) ~~\$27,000~~ \$25,200 times the December 1 child count for the primary disability areas of developmentally cognitive mild-moderate, developmentally cognitive severe-profound, physically impaired, visually impaired, and deafblind; plus

(2) the cost of providing transportation services for children with disabilities under section 123B.92, subdivision 1, paragraph (b), clause (4).

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2021 and later.

Sec. 10. Minnesota Statutes 2018, section 125A.76, subdivision 2c, is amended to read:

Subd. 2c. **Special education aid.** (a) For fiscal year ~~2016~~ 2020 and later, a district's special education aid equals the sum of the district's special education initial aid under subdivision 2a, the district's cross subsidy reduction aid under subdivision 2e, and the district's excess cost aid under section 125A.79, subdivision 5.

~~(b) Notwithstanding paragraph (a), for fiscal year 2016, the special education aid for a school district must not exceed the sum of the special education aid the district would have received for fiscal year 2016 under Minnesota Statutes 2012, sections 125A.76 and 125A.79, as adjusted according to Minnesota Statutes 2012, sections 125A.11 and 127A.47, subdivision 7, and the product of the district's average daily membership served and the special education aid increase limit.~~

~~(c) Notwithstanding paragraph (a), for fiscal year 2017 and later, the special education aid for a school district must not exceed the sum of: (i) the product of the district's average daily membership served and the special education aid increase limit and (ii) the product of the sum of the special education aid the district would have received for fiscal year 2016 under Minnesota Statutes 2012, sections 125A.76 and 125A.79, as adjusted according to Minnesota Statutes 2012, sections 125A.11 and 127A.47, subdivision 7, the ratio of the district's average daily membership served for the current fiscal year to the district's average daily membership served for fiscal year 2016, and the program growth factor.~~

~~(d)~~ (b) Notwithstanding paragraph (a), for fiscal year ~~2016~~ 2020 and later the special education aid, excluding the cross subsidy reduction aid under subdivision 2e, for a school district, not including a charter school or cooperative unit as defined in section 123A.24, must not be less than the lesser of (1) the sum of 90 percent for fiscal year 2020, 85 percent for fiscal year 2021, 80 percent for fiscal year 2022, and 75 percent for fiscal year 2023 and later of the district's nonfederal special education expenditures plus 100 percent of the district's cost of providing transportation services for children with disabilities under section 123B.92, subdivision 1, paragraph (b), clause (4), plus the adjustment under sections 125A.11 and 127A.47, subdivision 7, for that fiscal year or (2) the product of the sum of the special education aid the district would have received for fiscal year 2016 under Minnesota Statutes 2012, sections 125A.76 and 125A.79, as adjusted according to Minnesota Statutes 2012, sections 125A.11 and 127A.47, subdivision 7, the ratio of the district's adjusted daily membership for the current fiscal year to the district's average daily membership for fiscal year 2016, and the ~~program growth~~ minimum aid adjustment factor.

(e) Notwithstanding subdivision 2a and section 125A.79, a charter school in its first year of operation shall generate special education aid based on current year data. A newly formed cooperative unit as defined in section 123A.24 may apply to the commissioner for approval to generate special education aid for its first year of operation based on current year data, with an offsetting adjustment to the prior year data used to calculate aid for programs at participating school districts or previous cooperatives that were replaced by the new cooperative. The department shall establish procedures to adjust the prior year data and fiscal year 2016 old formula aid used in calculating special education aid to exclude costs that have been eliminated for districts where programs have closed or where a substantial portion of the program has been transferred to a cooperative unit.

(f) The department shall establish procedures through the uniform financial accounting and reporting system to identify and track all revenues generated from third-party billings as special education revenue at the school district level; include revenue generated from third-party billings as special education revenue in the annual cross-subsidy report; and exclude third-party revenue from calculation of excess cost aid to the districts.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2020 and later.



Sec. 11. Minnesota Statutes 2018, section 125A.76, is amended by adding a subdivision to read:

**Subd. 2e. Cross subsidy reduction aid.** (a) A school district's annual cross subsidy reduction aid equals the school district's initial special education cross subsidy for the previous fiscal year times the cross subsidy aid factor for that fiscal year.

(b) The cross subsidy aid factor equals 4.3 percent for fiscal year 2020 and 8.6 percent for fiscal year 2021 and later.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2020 and later.

Sec. 12. Minnesota Statutes 2018, section 127A.47, subdivision 7, is amended to read:

**Subd. 7. Alternative attendance programs.** (a) The general education aid and special education aid for districts must be adjusted for each pupil attending a nonresident district under sections 123A.05 to 123A.08, 124D.03, 124D.08, and 124D.68. The adjustments must be made according to this subdivision.

(b) For purposes of this subdivision, the "unreimbursed cost of providing special education and services" means the difference between: (1) the actual cost of providing special instruction and services, including special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, for a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in section 125A.51, who is enrolled in a program listed in this subdivision, minus (2) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue, excluding local optional revenue, plus local optional aid and referendum equalization aid as defined in section 125A.11, subdivision 1, paragraph (d), attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, minus (3) special education aid under section 125A.76, excluding cross subsidy reduction aid under section 125A.76, subdivision 2e, attributable to that pupil, that is received by the district providing special instruction and services. For purposes of this paragraph, general education revenue and referendum equalization aid attributable to a pupil must be calculated using the serving district's average general education revenue and referendum equalization aid per adjusted pupil unit.

(c) For fiscal year ~~2015 and later 2020~~, special education aid paid to a resident district must be reduced by an amount equal to ~~90~~ 80 percent of the unreimbursed cost of providing special education and services. For fiscal year 2021 and later, special education aid paid to a resident district must be reduced by an amount equal to 70 percent of the unreimbursed cost of providing special education and services.

(d) Notwithstanding paragraph (c), special education aid paid to a resident district must be reduced by an amount equal to 100 percent of the unreimbursed cost of special education and services provided to students at an intermediate district, cooperative, or charter school where the percent of students eligible for special education services is at least 70 percent of the charter school's total enrollment.

(e) Notwithstanding paragraph (c), special education aid paid to a resident district must be reduced under paragraph (d) for students at a charter school receiving special education aid under section 124E.21, subdivision 3, calculated as if the charter school received special education aid under section 124E.21, subdivision 1.

(f) Special education aid paid to the district or cooperative providing special instruction and services for the pupil, or to the fiscal agent district for a cooperative, must be increased by the amount of the reduction in the aid paid to the resident district under paragraphs (c) and (d). If the resident district's special education aid is insufficient to make the full adjustment under paragraphs (c), (d), and (e), the remaining adjustment shall be made to other state aids due to the district.

(g) Notwithstanding paragraph (a), general education aid paid to the resident district of a nonspecial education student for whom an eligible special education charter school receives general education aid under section 124E.20, subdivision 1, paragraph (c), must be reduced by an amount equal to the difference between the general education aid attributable to the student under section 124E.20, subdivision 1, paragraph (c), and the general education aid that the student would have generated for the charter school under section 124E.20, subdivision 1, paragraph (a). For purposes of this paragraph, "nonspecial education student" means a student who does not meet the definition of pupil with a disability as defined in section 125A.02 or the definition of a pupil in section 125A.51.

(h) An area learning center operated by a service cooperative, intermediate district, education district, or a joint powers cooperative may elect through the action of the constituent boards to charge the resident district tuition for pupils rather than to have the general education revenue paid to a fiscal agent school district. Except as provided in paragraph (f), the district of residence must pay tuition equal to at least 90 and no more than 100 percent of the district average general education revenue per pupil unit minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0466, calculated without compensatory revenue, local optional revenue, and transportation sparsity revenue, times the number of pupil units for pupils attending the area learning center.

Sec. 13. Minnesota Statutes 2018, section 136D.01, is amended to read:

**136D.01 INTERMEDIATE SCHOOL DISTRICT.**

"Intermediate school district" means a district with a cooperative program ~~which has been established under Laws 1967, chapter 822, as amended; Laws 1969, chapter 775, as amended; and Laws 1969, chapter 1060, as amended~~ this chapter, offering integrated services for secondary, postsecondary, and adult students in the areas of vocational education, special education, and other authorized services.

Sec. 14. Minnesota Statutes 2018, section 136D.49, is amended to read:

**136D.49 OTHER MEMBERSHIP AND POWERS.**

In addition to the districts listed in sections 136D.21, 136D.41, 136D.71, and 136D.81, the agreement of an intermediate school district established under this chapter may provide for the membership of other school districts and cities, counties, and other governmental units as defined in section 471.59. In addition to the powers listed in sections ~~136D.25,~~ 136D.24, 136D.44, 136D.73, and 136D.84, an intermediate school board may provide the services defined in section 123A.21, subdivisions 7 and 8.

Sec. 15. **PRIOR WRITTEN NOTICE WORKING GROUP.**

(a) The commissioner of education must appoint a working group by July 1, 2019, that includes the following:

(1) special education administrators;

(2) special education teachers;

(3) school board members;

(4) parents of children with disabilities receiving special instruction and services in accordance with Minnesota Statutes, chapter 125A;

(5) organizations that work with the parents of children with disabilities; and

(6) Department of Education staff with expertise in special education compliance.

(b) The commissioner of education must convene the first meeting of the working group no later than July 15, 2019, and must provide support and meeting space for the working group. The meetings of the working group are subject to the requirements of Minnesota Statutes, chapter 13D.

(c) Members of the working group serve without compensation, but may be reimbursed for allowed actual and necessary expenses incurred in the performance of the member's duties for the working group in the same manner and amount as authorized by the commissioner's plan under Minnesota Statutes, section 43A.18, subdivision 2.

(d) The working group must make recommendations for improving alignment between state guidance and federal law requirements on prior written notice by January 15, 2020. The working group must report its recommendations to the chairs and ranking minority members of the legislative committees or divisions with jurisdiction over kindergarten through grade 12 education.

(e) This section expires January 16, 2020, or the day after the working group submits the report required by this section, whichever is earlier.

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

Sec. 16. **INDIVIDUALIZED EDUCATION PROGRAM; RULE AMENDMENT.**

The commissioner of education must amend Minnesota Rules, part 3525.2810, subpart 2, item A, to allow but not require an individualized education program to report a student's performance on general state or districtwide assessments.

Sec. 17. **SPECIAL EDUCATION FISCAL YEAR 2016 BASE ADJUSTMENT.**

The fiscal year 2016 special education base for Independent School District No. 709, Duluth, must be increased by \$500,000. The fiscal year 2016 base for Independent School District No. 882, Monticello, must be increased by \$250,000.

Sec. 18. **COMMISSIONER OF EDUCATION; LEGISLATIVE REPORT ON DEFINITIONS.**

The commissioner of education must define the following terms:

(1) gifted student;

(2) talented student;

(3) twice-exceptional student;

(4) print disabled student; and

(5) reading disabled student.

The commissioner must report these definitions to the legislative committees having jurisdiction over early childhood through grade 12 education by February 15, 2020.

Sec. 19. **APPROPRIATIONS.**

**Subdivision 1. Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

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

<u>\$1,632,280,000</u>	.....	<u>2020</u>
<u>\$1,787,067,000</u>	.....	<u>2021</u>

The 2020 appropriation includes \$184,363,000 for 2019 and \$1,447,917,000 for 2020.

The 2021 appropriation includes \$203,824,000 for 2020 and \$1,583,243,000 for 2021.

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

<u>\$1,382,000</u>	.....	<u>2020</u>
<u>\$1,564,000</u>	.....	<u>2021</u>

If the appropriation for either year is insufficient, the appropriation for the other year is available.

**Subd. 4. Travel for home-based services.** For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

<u>\$422,000</u>	.....	<u>2020</u>
<u>\$442,000</u>	.....	<u>2021</u>

The 2020 appropriation includes \$40,000 for 2019 and \$382,000 for 2020.

The 2021 appropriation includes \$42,000 for 2020 and \$400,000 for 2021.

**Subd. 5. Court-placed special education revenue.** For reimbursing serving school districts for unreimbursed eligible expenditures attributable to children placed in the serving school district by court action under Minnesota Statutes, section 125A.79, subdivision 4:

<u>\$31,000</u>	.....	<u>2020</u>
<u>\$32,000</u>	.....	<u>2021</u>

**Subd. 6. Special education out-of-state tuition.** For special education out-of-state tuition under Minnesota Statutes, section 125A.79, subdivision 8:

<u>\$250,000</u>	.....	<u>2020</u>
<u>\$250,000</u>	.....	<u>2021</u>

**Subd. 7. Special education supplemental aid.** (a) For special education supplemental aid:

<u>\$1,200,000</u>	.....	<u>2020</u>
<u>\$1,200,000</u>	.....	<u>2021</u>

(b) Of the amounts in paragraph (a), \$1,000,000 is for Independent School District No. 709, Duluth, and \$200,000 is for Independent School District No. 882, Monticello.

Subd. 8. **Paraprofessional training.** For costs associated with paid orientation and professional development for paraprofessionals under Minnesota Statutes, section 125A.08:

<u>\$7,154,000</u>	.....	<u>2020</u>
<u>\$7,154,000</u>	.....	<u>2021</u>

Sec. 20. **REVISOR INSTRUCTION.**

(a) The revisor of statutes shall renumber the provisions of Minnesota Statutes listed in column A to the references listed in column B.

<u>Column A</u>	<u>Column B</u>
<u>136D.01</u>	<u>123C.01</u>
<u>136D.21</u>	<u>123C.20</u>
<u>136D.22, subdivisions 1 and 2</u>	<u>123C.21, subdivisions 1 and 2</u>
<u>136D.23</u>	<u>123C.22</u>
<u>136D.24</u>	<u>123C.23</u>
<u>136D.25</u>	<u>123C.24</u>
<u>136D.26</u>	<u>123C.25</u>
<u>136D.29</u>	<u>123C.26</u>
<u>136D.31</u>	<u>123C.27</u>
<u>136D.41</u>	<u>123C.30</u>
<u>136D.42</u>	<u>123C.31</u>
<u>136D.43</u>	<u>123C.32</u>
<u>136D.44</u>	<u>123C.33</u>
<u>136D.45</u>	<u>123C.34</u>
<u>136D.46</u>	<u>123C.35</u>
<u>136D.47</u>	<u>123C.36</u>
<u>136D.48</u>	<u>123C.37</u>
<u>136D.49</u>	<u>123C.02</u>
<u>136D.71, subdivision 1</u>	<u>123C.60, subdivision 1</u>
<u>136D.72</u>	<u>123C.61</u>
<u>136D.73, subdivision 1</u>	<u>123C.63, subdivision 1</u>
<u>136D.73, subdivision 2</u>	<u>123C.63, subdivision 3</u>
<u>136D.73, subdivision 4</u>	<u>123C.63, subdivision 4</u>
<u>136D.73, subdivision 4a</u>	<u>123C.63, subdivision 5</u>
<u>136D.73, subdivision 4b</u>	<u>123C.63, subdivision 6</u>
<u>136D.73, subdivision 4c</u>	<u>123C.63, subdivision 7</u>
<u>136D.73, subdivision 5</u>	<u>123C.63, subdivision 8</u>
<u>136D.74, subdivision 1</u>	<u>123C.62, subdivision 1</u>
<u>136D.74, subdivision 1a</u>	<u>123C.62, subdivision 2</u>
<u>136D.74, subdivision 1b</u>	<u>123C.62, subdivision 3</u>
<u>136D.76, subdivision 1</u>	<u>123C.63, subdivision 2</u>
<u>136D.76, subdivision 2</u>	<u>123C.60, subdivision 2</u>
<u>136D.81, subdivision 1</u>	<u>123C.70</u>
<u>136D.82, subdivisions 1 and 2</u>	<u>123C.71, subdivisions 1 and 2</u>
<u>136D.83</u>	<u>123C.72</u>
<u>136D.84</u>	<u>123C.73</u>
<u>136D.85</u>	<u>123C.74</u>
<u>136D.86</u>	<u>123C.75</u>
<u>136D.90, subdivision 1</u>	<u>123C.76</u>
<u>136D.92</u>	<u>123C.77</u>

(b) The revisor of statutes shall make necessary cross-reference changes in Minnesota Statutes consistent with the renumbering in this section, and if Minnesota Statutes, chapter 136D, is further amended in the 2019 legislative session, 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. 21. **REPEALER.**

Minnesota Statutes 2018, section 136D.93, is repealed.

## ARTICLE 5 HEALTH AND SAFETY

Section 1. Minnesota Statutes 2018, section 120B.21, is amended to read:

### **120B.21 MENTAL HEALTH EDUCATION.**

School districts and charter schools are encouraged to provide mental health instruction for students in grades ~~6~~ 4 through 12 aligned with local health standards and integrated into existing programs, curriculum, or the general school environment of a district or charter school. The commissioner, in consultation with the commissioner of human services, commissioner of health, and mental health organizations, is encouraged to must, by July 1, 2020, and July 1 of each even-numbered year thereafter, provide districts and charter schools with resources gathered by national mental health advocates, including:

(1) age-appropriate model learning activities for grades ~~6~~ 4 through 12 that encompass the mental health components of the National Health Education Standards and the benchmarks developed by the department's quality teaching network in health and best practices in mental health education; and

(2) a directory of resources for planning and implementing age-appropriate mental health curriculum and instruction in grades ~~6~~ 4 through 12 that includes resources on suicide and self-harm prevention.

Sec. 2. **[120B.211] SEXUAL HEALTH EDUCATION.**

Subdivision 1. **Model program.** (a) The commissioner of education must, in consultation with the commissioner of health and other qualified experts, identify one or more model comprehensive sexual health education programs for elementary and secondary school students. The commissioner must use the rulemaking process under section 14.389, including a hearing under section 14.389, subdivision 5, to identify a model program under this section. The commissioner must provide school districts and charter schools with access to the model program, including written materials, curriculum resources, and training for instructors by June 1, 2021.

(b) The model program must include medically accurate instruction that is age and developmentally appropriate on:

(1) human anatomy, reproduction, and sexual development;

(2) consent, bodily autonomy, and healthy relationships, including relationships involving diverse sexual orientations and gender identities;

(3) abstinence and other methods for preventing unintended pregnancy and sexually transmitted infections; and

(4) the relationship between substance use and sexual behavior and health.

(c) "Consent" as used in this section means affirmative, conscious, and voluntary agreement to engage in interpersonal, physical, or sexual activity.

Subd. 2. **School programs.** (a) Starting in the 2021-2022 school year, a school district or charter school must implement a comprehensive sexual health education program for students in elementary and secondary school, including students with disabilities and students enrolled in a state-approved alternative program. The sexual health education program must include instruction on the topics listed in subdivision 1, paragraph (b), and must:

(1) respect community values and encourage students to communicate with parents or guardians; faith, health, and social services professionals; and other trusted adults about sexuality and intimate relationships;

(2) respond to culturally diverse individuals, families, and communities in an inclusive, respectful, and effective manner; and

(3) provide students with information about local resources where students may obtain medically accurate information and services related to sexual and reproductive health, dating violence, and sexual assault.

(b) A school district or charter school sexual health education program must include notification to:

(1) students and school employees regarding criminal penalties for engaging in sexual contact with minors and the availability of mistake as to age or consent of the minors as a defense; and

(2) school employees and administrators that a teacher or administrator who engages in sexual contact with a student may be found in violation of the teacher code of ethics and that such conduct may be grounds for suspension or revocation of a teaching license in accordance with section 122A.20, subdivision 1, paragraph (a), clause (1).

(c) The superintendent of a school district or person having administrative control over a charter school must submit to the commissioner an annual assurance of compliance with the requirements of this section. The assurance must state whether the district or charter school adopted a model program identified in accordance with subdivision 1, or whether the district or charter school adopted a different program. The assurances must be in the form and manner prescribed by the commissioner.

(d) Notwithstanding any law to the contrary, instruction in a sexual health education program under this section may be provided by a person without a teaching license who is employed by the school district, charter school, or a community organization if the school administration determines the school employee or community organization has necessary content expertise.

Subd. 3. **Parental review.** A school district or charter school must provide instruction under this section consistent with the parental curriculum review requirements in section 120B.20.

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

Sec. 3. **[121A.032] SCHOOL SEXUAL HARASSMENT AND SEX DISCRIMINATION POLICY COMPLIANCE.**

Subdivision 1. **Duties.** To support school compliance with state and federal sexual harassment and sex discrimination laws, the Department of Education must:

(1) provide leadership, consultation, and technical assistance to districts on the responsibilities of district-designated Title IX coordinators;

(2) collaborate with state experts on sexual violence, including the Department of Health Sexual Violence Prevention Unit and the Department of Human Rights, to establish model protocols, material development, and training to district-designated Title IX coordinators as appropriate;

(3) disseminate guidance from the federal government on Title IX, including school-based sexual harassment and sexual violence;

(4) collect and maintain an updated statewide list of Title IX coordinators for all public school districts;

(5) serve as the state lead on Title IX for schools, parents, students, and community organizations; and

(6) upon request from a school district, provide specific training to public schools on preventing and responding to sexual violence, conducting trauma-informed investigations, and provide redress for victims, including but not limited to accommodations during the investigation as requested.

Subd. 2. **Training.** The Department of Education must provide training to Title IX coordinators on state and federal sexual harassment and sex discrimination laws every other year. The training must include responding to allegations, conducting investigations, and reviewing and implementing prevention policies focused on changing culture.

Sec. 4. Minnesota Statutes 2018, section 121A.22, subdivision 1, is amended to read:

Subdivision 1. **Applicability.** (a) This section applies only:

(1) when the parent of a pupil requests school personnel to administer drugs or medicine to the pupil; or

(2) when administration is allowed by the individualized education program of a child with a disability.

The request of a parent may be oral or in writing. An oral request must be reduced to writing within two school days, provided that the district may rely on an oral request until a written request is received.

(b) If the administration of a drug or medication described in paragraph (a) requires the school to store the drugs or medication, the parent or legal guardian must inform the school if the drug or medication is a controlled substance. For drugs or medications that are not controlled substances, the request must include a provision designating the school district as an authorized entity to transport the drug or medication for the purpose of destruction if any unused drug or medication is left in the possession of school personnel. For drugs or medications that are controlled substances, the request must specify that the parent or legal guardian is required to retrieve the drug when requested by the school.

Sec. 5. Minnesota Statutes 2018, section 121A.22, is amended by adding a subdivision to read:

Subd. 4a. **Unclaimed drugs or medications.** (a) Each school district shall adopt a procedure for the collection and transport of any unclaimed or abandoned prescription drugs or over-the-counter medications left in the possession of school personnel in accordance with this subdivision. The procedure must ensure that before the transportation of any prescription drug under this subdivision, the school district shall make a reasonable attempt to return the unused prescription drug to the student's parent or legal guardian. The procedure must provide that transportation of unclaimed or unused prescription drugs or over-the-counter medications occur at least annually, or more frequently as determined by the school district.

(b) If the unclaimed or abandoned prescription drug is not a controlled substance as defined under section 152.01, subdivision 4, or is an over-the-counter medication, the school district may designate an individual who shall be responsible for transporting the drugs or medications to a designated drop-off box or collection site or may request that a law enforcement agency transport the drugs or medications to a drop-off box or collection site on behalf of the school district.



(c) If the unclaimed or abandoned prescription drug is a controlled substance as defined in section 152.01, subdivision 4, a school district or school personnel is prohibited from transporting the prescription drug to a drop-off box or collection site for prescription drugs identified under this paragraph. The school district must request that a law enforcement agency transport the prescription drug or medication to a collection bin that complies with Drug Enforcement Agency regulations, or if a site is not available, under the agency's procedure for transporting drugs.

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

Sec. 6. **[121A.223] POSSESSION AND USE OF SUNSCREEN.**

A school district must allow a student to possess and apply a topical sunscreen product during the school day, while on school property, or at a school-sponsored event without a prescription, physician's note, or other documentation from a licensed health care professional. A school district may adopt a policy related to student possession and use of sunscreen consistent with this section. Nothing in this section requires school personnel to provide sunscreen or assist students in applying sunscreen.

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

Sec. 7. **[121A.35] SCHOOL SAFETY ASSESSMENT.**

Subdivision 1. **School safety assessment.** "School safety assessment" means a fact-based and evidence-based process using an integrated team approach that helps schools evaluate and assess potentially threatening situations or students whose behavior may pose a threat to the safety of the school, staff, or students.

Subd. 2. **Policy.** A school board must adopt a policy to establish safety assessment teams to conduct school safety assessments consistent with subdivision 1. A safety assessment policy must be consistent with district policies in sections 121A.035, 125A.027, 125A.08, and 125A.091, and Code of Federal Regulations, title 34, sections 300.300 to 300.304, and with any guidance provided by the Department of Public Safety's School Safety Center. A safety assessment policy must include procedures for referrals for special education or section 504 evaluations, and to mental health or health care providers for evaluation or treatment when appropriate. A safety assessment policy must require notice to the parent or guardian of a student whose behavior is assessed under this section unless notice to the parent or guardian is not in the minor's best interest, consistent with sections 13.02, subdivision 8, and 13.32, subdivision 2.

Subd. 3. **Oversight.** The superintendent of a school district must establish a committee or individual charged with oversight of the safety assessment teams operating within the district, which may be an existing committee established by the school board.

Subd. 4. **Safety assessment teams.** (a) The superintendent of a school district must establish for each school a safety assessment team that includes, to the extent practicable, school officials with expertise in counseling, school psychology, school administration, and students with disabilities; as well as cultural liaisons; certified, licensed, or otherwise qualified mental health and treatment professionals; and law enforcement. The team may include human resources personnel or legal counsel if the subject of the assessment is not a student. A safety assessment team may serve one or more schools, as determined by the superintendent.

(b) A safety assessment team must:

(1) provide guidance to school staff, parents, and students regarding recognition of threatening or concerning behavior that may represent a threat to the community, school, staff, or students, and the members of the school to whom threatening or concerning behavior should be reported;

(2) consider whether there is sufficient information to determine whether a student or other person poses a threat;

(3) implement a policy adopted by the school board under subdivision 2;

(4) report summary data on its activities according to guidance developed by the School Safety Center; and

(5) comply with applicable special education requirements, including sections 125A.027, 125A.08, and 125A.091, and Code of Federal Regulations, title 34, sections 300.300 to 300.304.

(c) Upon a preliminary determination that a student poses a threat of violence or physical harm to others, a safety assessment team must immediately report its determination to the district superintendent or the superintendent's designee, who must immediately attempt to notify the student's parent or legal guardian, and provide the parent or guardian written notice, unless notice to the parent or guardian is not in the student's best interest. The safety assessment team must consider services to address the student's underlying behavioral or mental health issues, which may include counseling, social work services, character education consistent with section 120B.232, social emotional learning, evidence-based academic and positive behavioral interventions and supports, mental health services, and referrals for special education or section 504 evaluations. Upon the request of a parent or guardian of a student who is the subject of a safety assessment, a safety assessment team must provide the parent or guardian with a copy of the data related to the safety assessment after the team determines that the threat has been addressed, consistent with subdivision 5.

(d) If the safety assessment team finds in the course of an evaluation that a student is also exhibiting suicidal ideation or self-harm, the safety assessment team must follow the district's suicide prevention policy or protocol or refer the student to an appropriate school-linked mental health professional or other support personnel. Access to information regarding a student exhibiting suicidal ideation or self-harm is subject to section 13.32, subdivision 2.

(e) Nothing in this section precludes a school district official or employee from acting immediately to address an imminent threat.

(f) Nothing in this section modifies or affects a school district's obligations under state and federal law relating to students with disabilities.

Subd. 5. **Redisclosure.** (a) A safety assessment team member must not redisclose educational records or use any record of an individual beyond the purpose for which the disclosure was made to the safety assessment team. A school district employee who has access to information related to a safety assessment is subject to this subdivision.

(b) Nothing in this section prohibits the disclosure of educational records in health, including mental health, and safety emergencies in accordance with state and federal law. Data related to a safety assessment must not be provided to law enforcement without a reasonable cause or need for law enforcement involvement or knowledge. A school district must notify a parent or guardian when data related to a safety assessment is provided to a law enforcement official who is not a member of the safety assessment team, unless notice to the parent or guardian is not in the student's best interest, consistent with sections 13.02, subdivision 8, and 13.32, subdivision 2.

**EFFECTIVE DATE.** This section is effective for the 2020-2021 school year and later.

Sec. 8. Minnesota Statutes 2018, section 123B.595, is amended to read:

**123B.595 LONG-TERM FACILITIES MAINTENANCE REVENUE.**

Subdivision 1. **Long-term facilities maintenance revenue.** (a) For fiscal year 2017 only, long term facilities maintenance revenue equals the greater of (1) the sum of (i) \$193 times the district's adjusted pupil units times the lesser of one or the ratio of the district's average building age to 35 years, plus the cost approved by the commissioner for indoor air quality, fire alarm and suppression, and asbestos abatement projects under section

~~123B.57, subdivision 6, with an estimated cost of \$100,000 or more per site, plus (ii) for a school district with an approved voluntary prekindergarten program under section 124D.151, the cost approved by the commissioner for remodeling existing instructional space to accommodate prekindergarten instruction, or (2) the sum of (i) the amount the district would have qualified for under Minnesota Statutes 2014, section 123B.57, Minnesota Statutes 2014, section 123B.59, and Minnesota Statutes 2014, section 123B.591, and (ii) for a school district with an approved voluntary prekindergarten program under section 124D.151, the cost approved by the commissioner for remodeling existing instructional space to accommodate prekindergarten instruction.~~

~~(b) For fiscal year 2018 only, long term facilities maintenance revenue equals the greater of (1) the sum of (i) \$292 times the district's adjusted pupil units times the lesser of one or the ratio of the district's average building age to 35 years, plus (ii) the cost approved by the commissioner for indoor air quality, fire alarm and suppression, and asbestos abatement projects under section 123B.57, subdivision 6, with an estimated cost of \$100,000 or more per site, plus (iii) for a school district with an approved voluntary prekindergarten program under section 124D.151, the cost approved by the commissioner for remodeling existing instructional space to accommodate prekindergarten instruction, or (2) the sum of (i) the amount the district would have qualified for under Minnesota Statutes 2014, section 123B.57, Minnesota Statutes 2014, section 123B.59, and Minnesota Statutes 2014, section 123B.591, and (ii) for a school district with an approved voluntary prekindergarten program under section 124D.151, the cost approved by the commissioner for remodeling existing instructional space to accommodate prekindergarten instruction.~~

~~(c) For fiscal year 2019 and later, (a) Long-term facilities maintenance revenue equals the greater of (1) the sum of (i) \$380 times the district's adjusted pupil units times the lesser of one or the ratio of the district's average building age to 35 years, plus (ii) the cost approved by the commissioner for indoor air quality, fire alarm and suppression, and asbestos abatement projects under section 123B.57, subdivision 6, with an estimated cost of \$100,000 or more per site, plus (iii) for a school district with an approved voluntary prekindergarten program under section 124D.151, the cost approved by the commissioner for remodeling existing instructional space to accommodate prekindergarten instruction, or (2) the sum of (i) the amount the district would have qualified for under Minnesota Statutes 2014, section 123B.57, Minnesota Statutes 2014, section 123B.59, and Minnesota Statutes 2014, section 123B.591, and (ii) for a school district with an approved voluntary prekindergarten program under section 124D.151, the cost approved by the commissioner for remodeling existing instructional space to accommodate prekindergarten instruction.~~

~~(d) (b) Notwithstanding paragraphs paragraph (a), (b), and (c), a school district that qualified for eligibility under Minnesota Statutes 2014, section 123B.59, subdivision 1, paragraph (a), for fiscal year 2010 remains eligible for funding under this section as a district that would have qualified for eligibility under Minnesota Statutes 2014, section 123B.59, subdivision 1, paragraph (a), for fiscal year 2017 and later.~~

**Subd. 2. Long-term facilities maintenance revenue for a charter school.** ~~(a) For fiscal year 2017 only, long term facilities maintenance revenue for a charter school equals \$34 times the adjusted pupil units.~~

~~(b) For fiscal year 2018 only, long term facilities maintenance revenue for a charter school equals \$85 times the adjusted pupil units.~~

~~(c) For fiscal year 2019 and later, Long-term facilities maintenance revenue for a charter school equals \$132 times the adjusted pupil units.~~

**Subd. 3. Intermediate districts and other cooperative units.** ~~(a) Upon approval through the adoption of a resolution by each member district school board of an intermediate district or other cooperative ~~units~~ unit under section 123A.24, subdivision 2, or a joint powers district under section 471.59, and the approval of the commissioner of education, a school district may include in its authority under this section a proportionate share of the long-term maintenance costs of the intermediate district ~~or,~~ cooperative unit, or joint powers district. The~~

cooperative unit or joint powers district may issue bonds to finance the project costs or levy for the costs, using long-term maintenance revenue transferred from member districts to make debt service payments or pay project costs or, for leased facilities, pay the portion of lease costs attributable to the amortized cost of long-term facilities maintenance projects completed by the landlord. Authority under this subdivision is in addition to the authority for individual district projects under subdivision 1.

(b) The resolution adopted under paragraph (a) may specify which member districts will share the project costs under this subdivision, except that debt service payments for bonds issued by a cooperative unit or joint powers district to finance long-term maintenance project costs must be the responsibility of all member districts.

Subd. 4. **Facilities plans.** (a) To qualify for revenue under this section, a school district or intermediate district, not including a charter school, must have a ten-year facility plan adopted by the school board and approved by the commissioner. The plan must include provisions for implementing a health and safety program that complies with health, safety, and environmental regulations and best practices, including indoor air quality management and remediation of lead hazards. The plan may include provisions for enhancing school safety through physical modifications to school facilities authorized under subdivision 4a.

(b) The district must annually update the plan, submit the plan to the commissioner for approval by July 31, and indicate whether the district will issue bonds to finance the plan or levy for the costs.

(c) For school districts issuing bonds to finance the plan, the plan must include a debt service schedule demonstrating that the debt service revenue required to pay the principal and interest on the bonds each year will not exceed the projected long-term facilities revenue for that year.

Subd. 4a. **School safety facility enhancements.** A school district may include in its facilities plan a school safety facilities plan. School safety projects may include remodeling or new construction for school security enhancements, public announcement systems, emergency communications devices, or equipment and facility modifications related to violence prevention and facility security.

Subd. 5. **Bond authorization.** (a) A school district may issue general obligation bonds under this section to finance facilities plans approved by its board and the commissioner. Chapter 475, except sections 475.58 and 475.59, must be complied with. The authority to issue bonds under this section is in addition to any bonding authority authorized by this chapter or other law. The amount of bonding authority authorized under this section must be disregarded in calculating the bonding or net debt limits of this chapter, or any other law other than section 475.53, subdivision 4.

(b) At least 20 days before the earliest of solicitation of bids, the issuance of bonds, or the final certification of levies under subdivision 6, the district must publish notice of the intended projects, the amount of the bond issue, and the total amount of district indebtedness.

(c) The portion of revenue under this section for bonded debt must be recognized in the debt service fund.

Subd. 6. **Levy authorization.** A district may levy for costs related to an approved plan under subdivision 4 as follows:

(1) if the district has indicated to the commissioner that bonds will be issued, the district may levy for the principal and interest payments on outstanding bonds issued under subdivision 5 after reduction for any aid receivable under subdivision 9;

(2) if the district has indicated to the commissioner that the plan will be funded through levy, the district may levy according to the schedule approved in the plan after reduction for any aid receivable under subdivision 9; or

(3) if the debt service revenue for a district required to pay the principal and interest on bonds issued under subdivision 5 exceeds the district's long-term facilities maintenance revenue for the same fiscal year, the district's general fund levy must be reduced by the amount of the excess.

Subd. 7. **Long-term facilities maintenance equalization revenue.** ~~(a) For fiscal year 2017 only, a district's long-term facilities maintenance equalization revenue equals the lesser of (1) \$193 times the adjusted pupil units or (2) the district's revenue under subdivision 1.~~

~~(b) For fiscal year 2018 only, a district's long-term facilities maintenance equalization revenue equals the lesser of (1) \$292 times the adjusted pupil units or (2) the district's revenue under subdivision 1.~~

~~(c) For fiscal year 2019 and later,~~ (a) A district's long-term facilities maintenance equalization revenue equals the lesser of (1) \$380 times the adjusted pupil units or (2) the district's revenue under subdivision 1.

~~(d) (b)~~ Notwithstanding ~~paragraphs paragraph~~ paragraph (a) ~~to (c)~~, a district's long-term facilities maintenance equalization revenue must not be less than the lesser of the district's long-term facilities maintenance revenue or the amount of aid the district received for fiscal year 2015 under Minnesota Statutes 2014, section 123B.59, subdivision 6.

Subd. 8. **Long-term facilities maintenance equalized levy.** ~~(a) For fiscal year 2017 and later,~~ A district's long-term facilities maintenance equalized levy equals the district's long-term facilities maintenance equalization revenue minus the greater of:

(1) the lesser of the district's long-term facilities maintenance equalization revenue or the amount of aid the district received for fiscal year 2015 under Minnesota Statutes 2014, section 123B.59, subdivision 6; or

(2) the district's long-term facilities maintenance equalization revenue times the greater of (i) zero or (ii) one minus the ratio of its adjusted net tax capacity per adjusted pupil unit in the year preceding the year the levy is certified to ~~423~~ 125 percent of the state average adjusted net tax capacity per adjusted pupil unit for all school districts in the year preceding the year the levy is certified.

(b) For purposes of this subdivision, "adjusted net tax capacity" means the value described in section 126C.01, subdivision 2, paragraph (b).

Subd. 8a. **Long-term facilities maintenance unequalized levy.** ~~For fiscal year 2017 and later,~~ A district's long-term facilities maintenance unequalized levy equals the difference between the district's revenue under subdivision 1 and the district's equalization revenue under subdivision 7.

Subd. 9. **Long-term facilities maintenance equalized aid.** ~~For fiscal year 2017 and later,~~ A district's long-term facilities maintenance equalized aid equals its long-term facilities maintenance equalization revenue minus its long-term facilities maintenance equalized levy times the ratio of the actual equalized amount levied to the permitted equalized levy.

Subd. 10. **Allowed uses for long-term facilities maintenance revenue.** (a) A district may use revenue under this section for any of the following:

- (1) deferred capital expenditures and maintenance projects necessary to prevent further erosion of facilities;
- (2) increasing accessibility of school facilities;
- (3) health and safety capital projects under section 123B.57;

(4) school safety facility enhancements authorized under subdivision 4a; or

~~(4)~~ (5) by board resolution, to transfer money from the general fund reserve for long-term facilities maintenance to the debt redemption fund to pay the amounts needed to meet, when due, principal and interest on general obligation bonds issued under subdivision 5.

(b) A charter school may use revenue under this section for any purpose related to the school, including school safety facility enhancements.

Subd. 11. **Restrictions on long-term facilities maintenance revenue.** Notwithstanding subdivision 10, for projects other than school safety facility enhancements, long-term facilities maintenance revenue may not be used:

(1) for the construction of new facilities, remodeling of existing facilities, or the purchase of portable classrooms;

(2) to finance a lease purchase agreement, installment purchase agreement, or other deferred payments agreement;

(3) for energy-efficiency projects under section 123B.65, for a building or property or part of a building or property used for postsecondary instruction or administration, or for a purpose unrelated to elementary and secondary education; or

(4) ~~for violence prevention and facility security, ergonomics, or emergency communication devices.~~

Subd. 12. **Reserve account.** The portion of long-term facilities maintenance revenue not recognized under subdivision 5, paragraph (c), must be maintained in a reserve account within the general fund.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2020 and later.

Sec. 9. Minnesota Statutes 2018, section 123B.61, is amended to read:

**123B.61 PURCHASE OF CERTAIN EQUIPMENT.**

(a) The board of a district may issue general obligation certificates of indebtedness or capital notes subject to the district debt limits to:

~~(a)~~ (1) purchase vehicles, computers, telephone systems, cable equipment, photocopy and office equipment, technological equipment for instruction, public announcement systems, emergency communications devices, other equipment related to violence prevention and facility security, and other capital equipment having an expected useful life at least as long as the terms of the certificates or notes;

~~(b)~~ (2) purchase computer hardware and software, without regard to its expected useful life, whether bundled with machinery or equipment or unbundled, together with application development services and training related to the use of the computer; and

~~(c)~~ (3) prepay special assessments.

(b) The certificates or notes must be payable in not more than ten years and must be issued on the terms and in the manner determined by the board, except that certificates or notes issued to prepay special assessments must be payable in not more than 20 years. The certificates or notes may be issued by resolution and without the requirement for an election. The certificates or notes are general obligation bonds for purposes of section 126C.55.

(c) A tax levy must be made for the payment of the principal and interest on the certificates or notes, in accordance with section 475.61, as in the case of bonds. The sum of the tax levies under this section and section 123B.62 for each year must not exceed the lesser of the sum of the amount of the district's total operating capital revenue and safe schools revenue or the sum of the district's levy in the general and community service funds excluding the adjustments under this section for the year preceding the year the initial debt service levies are certified.

(d) The district's general fund levy for each year must be reduced by the sum of:

(1) the amount of the tax levies for debt service certified for each year for payment of the principal and interest on the certificates or notes issued under this section as required by section 475.61;

(2) the amount of the tax levies for debt service certified for each year for payment of the principal and interest on bonds issued under section 123B.62; and

(3) any excess amount in the debt redemption fund used to retire bonds, certificates, or notes issued under this section or section 123B.62 after April 1, 1997, other than amounts used to pay capitalized interest.

(e) If the district's general fund levy is less than the amount of the reduction, the balance shall be deducted first from the district's community service fund levy, and next from the district's general fund or community service fund levies for the following year.

(f) A district using an excess amount in the debt redemption fund to retire the certificates or notes shall report the amount used for this purpose to the commissioner by July 15 of the following fiscal year. A district having an outstanding capital loan under section 126C.69 or an outstanding debt service loan under section 126C.68 must not use an excess amount in the debt redemption fund to retire the certificates or notes.

**EFFECTIVE DATE.** This section is effective July 1, 2019.

Sec. 10. Minnesota Statutes 2018, section 126C.44, is amended to read:

**126C.44 SAFE SCHOOLS LEVY REVENUE.**

**Subdivision 1. School district safe schools revenue.** ~~(a) Each district may make a levy on all taxable property located within the district for the purposes specified in this section. The maximum amount which may be levied for all costs under this section shall be equal to \$36 multiplied by the district's adjusted pupil units for the school year. For fiscal year 2020 only, the initial safe schools revenue for a school district equals the greater of \$45 times the district's adjusted pupil units for the school year, or \$18,750. For fiscal year 2021 and later, the initial safe schools revenue for a school district equals the greater of \$54 times the district's adjusted pupil units for the school year, or \$22,500.~~

**Subd. 2. Charter school revenue.** (a) For fiscal year 2020, safe schools revenue for a charter school equals \$9 times the adjusted pupil units for the school year. For fiscal year 2021 and later, safe schools revenue for a charter schools equals \$54 times the adjusted pupil units for the school year.

(b) The revenue must be reserved and used only for costs associated with safe schools activities authorized under subdivision 9, paragraph (a), clauses (1) to (10), or for building lease expenses not funded by charter school building lease aid that are attributable to facility security enhancements made by the landlord after March 1, 2019.

**Subd. 3. Intermediate school districts.** (a) For fiscal year 2020 only, the cooperative safe schools revenue for a school district that is a member of an intermediate school district equals \$18.75 times the district's adjusted pupil units for the school year.

(b) For fiscal year 2021 and later, the cooperative safe schools revenue for a school district that is a member of an intermediate school district equals \$22.50 times the district's adjusted pupil units for the school year.

**Subd. 4. Other cooperative units.** (a) For fiscal year 2020 only, the cooperative safe schools revenue for a school district that is a member of a cooperative unit other than an intermediate district that enrolls students equals \$3.75 times the district's adjusted pupil units for the school year.

(b) For fiscal year 2021 and later, the cooperative safe schools revenue for a school district that is a member of a cooperative unit other than an intermediate district that enrolls students equals \$7.50 times the district's adjusted pupil units for the school year.

**Subd. 5. Transfer to cooperative unit.** Revenue raised under subdivisions 3 and 4 must be transferred to the intermediate school district or other cooperative unit of which the district is a member and used only for costs associated with safe schools activities authorized under subdivision 9, paragraph (a), clauses (1) to (10). If the district is a member of more than one cooperative unit that enrolls students, the revenue must be allocated among the cooperative units.

**Subd. 6. Total safe schools revenue.** For fiscal year 2020 and later, the safe schools revenue for a school district equals the sum of the district's initial safe schools revenue and the district's cooperative safe schools revenue.

**Subd. 7. Safe schools levy.** (a) For fiscal year 2020 only, a district's safe schools levy equals \$36 times the district's adjusted pupil units for the school year.

(b) For fiscal year 2020 only, the safe schools levy for a school district that is a member of an intermediate school district is increased by an amount equal to \$15 times the district's adjusted pupil units for the school year.

(c) To obtain safe schools revenue for fiscal year 2021 and later, a district may levy an amount not more than the product of its safe schools revenue for the fiscal year times the lesser of one or the ratio of its adjusted net tax capacity per adjusted pupil unit to the safe schools equalizing factor. The safe schools equalizing factor equals 151.3 percent of the state average adjusted net tax capacity per adjusted pupil unit for all school districts in the year preceding the year the levy is certified.

(d) For purposes of this subdivision, "adjusted net tax capacity" means the value described in section 126C.01, subdivision 2, paragraph (b).

**Subd. 8. Safe schools aid.** For fiscal year 2020, a district's safe schools aid equals its safe schools revenue minus its safe schools levy. For fiscal year 2021 and later, a district's safe schools aid equals its safe schools revenue minus its safe schools levy, times the ratio of the actual amount levied to the permitted levy.

**Subd. 9. Uses of safe schools revenue.** (a) The ~~proceeds of the levy~~ revenue must be reserved and used for directly funding the following purposes or for reimbursing the cities and counties who contract with the district for the following purposes:

(1) to pay the costs incurred for the salaries, benefits, and transportation costs of peace officers and sheriffs for liaison in services in the district's schools;



(2) to pay the costs for a drug abuse prevention program as defined in section 609.101, subdivision 3, paragraph (e), in the elementary schools;

(3) to pay the costs for a gang resistance education training curriculum in the district's schools;

(4) to pay the costs for security in the district's schools and on school property;

(5) to pay the costs for other crime prevention, drug abuse, student and staff safety, voluntary opt-in suicide prevention tools, and violence prevention measures taken by the school district;

(6) to pay costs for licensed school counselors, licensed school nurses, licensed school social workers, licensed school psychologists, and licensed alcohol and chemical dependency counselors to help provide early responses to problems;

(7) to pay for facility security enhancements including laminated glass, public announcement systems, emergency communications devices, and equipment and facility modifications related to violence prevention and facility security;

(8) to pay for costs associated with improving the school climate including professional development such as restorative practices, social-emotional learning, and other evidence-based practices; ~~or~~

(9) to pay costs for collocating and collaborating with mental health professionals who are not district employees or contractors;

(10) by board resolution, to transfer money into the debt redemption fund to pay the amounts needed to meet, when due, principal and interest payments on obligations issued under sections 123B.61 and 123B.62 for purposes included in clause (7); or

(11) to pay for training for members of safety assessment teams and oversight committees under section 121A.35.

(b) For expenditures under paragraph (a), clause (1), the district must initially attempt to contract for services to be provided by peace officers or sheriffs with the police department of each city or the sheriff's department of the county within the district containing the school receiving the services. If a local police department or a county sheriff's department does not wish to provide the necessary services, the district may contract for these services with any other police or sheriff's department located entirely or partially within the school district's boundaries.

(c) A school district that is a member of an intermediate school district may include in its authority under this section the costs associated with safe schools activities authorized under paragraph (a) for intermediate school district programs. This authority must not exceed \$15 times the adjusted pupil units of the member districts. This authority is in addition to any other authority authorized under this section. Revenue raised under this paragraph must be transferred to the intermediate school district.

**Subd. 10. Reporting.** A school district or charter school receiving revenue under this section must annually report safe schools expenditures to the commissioner, in the form and manner specified by the commissioner. The report must include spending by functional area, any new staff positions hired, and revenue uses under subdivision 5.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2020 and later.

Sec. 11. Minnesota Statutes 2018, section 626.556, subdivision 2, is amended to read:

Subd. 2. **Definitions.** As used in this section, the following terms have the meanings given them unless the specific content indicates otherwise:

(a) "Accidental" means a sudden, not reasonably foreseeable, and unexpected occurrence or event which:

(1) is not likely to occur and could not have been prevented by exercise of due care; and

(2) if occurring while a child is receiving services from a facility, happens when the facility and the employee or person providing services in the facility are in compliance with the laws and rules relevant to the occurrence or event.

(b) "Commissioner" means the commissioner of human services.

(c) "Facility" means:

(1) a licensed or unlicensed day care facility, certified license-exempt child care center, residential facility, agency, hospital, sanitarium, or other facility or institution required to be licensed under sections 144.50 to 144.58, 241.021, or 245A.01 to 245A.16, or chapter 144H, 245D, or 245H;

(2) a school as defined in section 120A.05, subdivisions 9, 11, and 13; and chapter 124E; or

(3) a nonlicensed personal care provider organization as defined in section 256B.0625, subdivision 19a.

(d) "Family assessment" means a comprehensive assessment of child safety, risk of subsequent child maltreatment, and family strengths and needs that is applied to a child maltreatment report that does not allege sexual abuse or substantial child endangerment. Family assessment does not include a determination as to whether child maltreatment occurred but does determine the need for services to address the safety of family members and the risk of subsequent maltreatment.

(e) "Investigation" means fact gathering related to the current safety of a child and the risk of subsequent maltreatment that determines whether child maltreatment occurred and whether child protective services are needed. An investigation must be used when reports involve sexual abuse or substantial child endangerment, and for reports of maltreatment in facilities required to be licensed or certified under chapter 245A, 245D, or 245H; under sections 144.50 to 144.58 and 241.021; in a school as defined in section 120A.05, subdivisions 9, 11, and 13, and chapter 124E; or in a nonlicensed personal care provider association as defined in section 256B.0625, subdivision 19a.

(f) "Mental injury" means an injury to the psychological capacity or emotional stability of a child as evidenced by an observable or substantial impairment in the child's ability to function within a normal range of performance and behavior with due regard to the child's culture.

(g) "Neglect" means the commission or omission of any of the acts specified under clauses (1) to (9), other than by accidental means:

(1) failure by a person responsible for a child's care to supply a child with necessary food, clothing, shelter, health, medical, or other care required for the child's physical or mental health when reasonably able to do so;

(2) failure to protect a child from conditions or actions that seriously endanger the child's physical or mental health when reasonably able to do so, including a growth delay, which may be referred to as a failure to thrive, that has been diagnosed by a physician and is due to parental neglect;

(3) failure to provide for necessary supervision or child care arrangements appropriate for a child after considering factors as the child's age, mental ability, physical condition, length of absence, or environment, when the child is unable to care for the child's own basic needs or safety, or the basic needs or safety of another child in their care;

(4) failure to ensure that the child is educated as defined in sections 120A.22 and 260C.163, subdivision 11, which does not include a parent's refusal to provide the parent's child with sympathomimetic medications, consistent with section 125A.091, subdivision 5;

(5) nothing in this section shall be construed to mean that a child is neglected solely because the child's parent, guardian, or other person responsible for the child's care in good faith selects and depends upon spiritual means or prayer for treatment or care of disease or remedial care of the child in lieu of medical care; except that a parent, guardian, or caretaker, or a person mandated to report pursuant to subdivision 3, has a duty to report if a lack of medical care may cause serious danger to the child's health. This section does not impose upon persons, not otherwise legally responsible for providing a child with necessary food, clothing, shelter, education, or medical care, a duty to provide that care;

(6) prenatal exposure to a controlled substance, as defined in section 253B.02, subdivision 2, used by the mother for a nonmedical purpose, as evidenced by withdrawal symptoms in the child at birth, results of a toxicology test performed on the mother at delivery or the child at birth, medical effects or developmental delays during the child's first year of life that medically indicate prenatal exposure to a controlled substance, or the presence of a fetal alcohol spectrum disorder;

(7) "medical neglect" as defined in section 260C.007, subdivision 6, clause (5);

(8) chronic and severe use of alcohol or a controlled substance by a parent or person responsible for the care of the child that adversely affects the child's basic needs and safety; or

(9) emotional harm from a pattern of behavior which contributes to impaired emotional functioning of the child which may be demonstrated by a substantial and observable effect in the child's behavior, emotional response, or cognition that is not within the normal range for the child's age and stage of development, with due regard to the child's culture.

(h) "Nonmaltreatment mistake" means:

(1) at the time of the incident, the individual was performing duties identified in the center's child care program plan required under Minnesota Rules, part 9503.0045;

(2) the individual has not been determined responsible for a similar incident that resulted in a finding of maltreatment for at least seven years;

(3) the individual has not been determined to have committed a similar nonmaltreatment mistake under this paragraph for at least four years;

(4) any injury to a child resulting from the incident, if treated, is treated only with remedies that are available over the counter, whether ordered by a medical professional or not; and

(5) except for the period when the incident occurred, the facility and the individual providing services were both in compliance with all licensing requirements relevant to the incident.

This definition only applies to child care centers licensed under Minnesota Rules, chapter 9503. If clauses (1) to (5) apply, rather than making a determination of substantiated maltreatment by the individual, the commissioner of human services shall determine that a nonmaltreatment mistake was made by the individual.

(i) "Operator" means an operator or agency as defined in section 245A.02.

(j) "Person responsible for the child's care" means (1) an individual functioning within the family unit and having responsibilities for the care of the child such as a parent, guardian, or other person having similar care responsibilities, or (2) an individual functioning outside the family unit and having responsibilities for the care of the child such as a teacher, school administrator, other school employees or agents, or other lawful custodian of a child having either full-time or short-term care responsibilities including, but not limited to, day care, babysitting whether paid or unpaid, counseling, teaching, and coaching.

(k) "Physical abuse" means any physical injury, mental injury, or threatened injury, inflicted by a person responsible for the child's care on a child other than by accidental means, or any physical or mental injury that cannot reasonably be explained by the child's history of injuries, or any aversive or deprivation procedures, or regulated interventions, that have not been authorized under section 125A.0942 or 245.825.

Abuse does not include reasonable and moderate physical discipline of a child administered by a parent or legal guardian which does not result in an injury. Abuse does not include the use of reasonable force by a teacher, principal, or school employee as allowed by section 121A.582. Actions which are not reasonable and moderate include, but are not limited to, any of the following:

- (1) throwing, kicking, burning, biting, or cutting a child;
- (2) striking a child with a closed fist;
- (3) shaking a child under age three;
- (4) striking or other actions which result in any nonaccidental injury to a child under 18 months of age;
- (5) unreasonable interference with a child's breathing;
- (6) threatening a child with a weapon, as defined in section 609.02, subdivision 6;
- (7) striking a child under age one on the face or head;
- (8) striking a child who is at least age one but under age four on the face or head, which results in an injury;
- (9) purposely giving a child poison, alcohol, or dangerous, harmful, or controlled substances which were not prescribed for the child by a practitioner, in order to control or punish the child; or other substances that substantially affect the child's behavior, motor coordination, or judgment or that results in sickness or internal injury, or subjects the child to medical procedures that would be unnecessary if the child were not exposed to the substances;
- (10) unreasonable physical confinement or restraint not permitted under section 609.379, including but not limited to tying, caging, or chaining; or
- (11) in a school facility or school zone, an act by a person responsible for the child's care that is a violation under section 121A.58.

(l) "Practice of social services," for the purposes of subdivision 3, includes but is not limited to employee assistance counseling and the provision of guardian ad litem and parenting time expeditor services.

(m) "Report" means any communication received by the local welfare agency, police department, county sheriff, or agency responsible for child protection pursuant to this section that describes neglect or physical or sexual abuse of a child and contains sufficient content to identify the child and any person believed to be responsible for the neglect or abuse, if known.

(n) "Sexual abuse" means the subjection of a child by a person responsible for the child's care, by a person who has a significant relationship to the child, as defined in section 609.341, or by a person in a position of authority, as defined in section 609.341, subdivision 10, to any act which constitutes a violation of section 609.342 (criminal sexual conduct in the first degree), 609.343 (criminal sexual conduct in the second degree), 609.344 (criminal sexual conduct in the third degree), 609.345 (criminal sexual conduct in the fourth degree), ~~or 609.3451 (criminal sexual conduct in the fifth degree)~~, or 609.352 (solicitation of children to engage in sexual conduct; communication of sexually explicit materials to children). Sexual abuse also includes any act which involves a minor which constitutes a violation of prostitution offenses under sections 609.321 to 609.324 or 617.246. Effective May 29, 2017, sexual abuse includes all reports of known or suspected child sex trafficking involving a child who is identified as a victim of sex trafficking. Sexual abuse includes child sex trafficking as defined in section 609.321, subdivisions 7a and 7b. Sexual abuse includes threatened sexual abuse which includes the status of a parent or household member who has committed a violation which requires registration as an offender under section 243.166, subdivision 1b, paragraph (a) or (b), or required registration under section 243.166, subdivision 1b, paragraph (a) or (b).

(o) "Substantial child endangerment" means a person responsible for a child's care, by act or omission, commits or attempts to commit an act against a child under their care that constitutes any of the following:

(1) egregious harm as defined in section 260C.007, subdivision 14;

(2) abandonment under section 260C.301, subdivision 2;

(3) neglect as defined in paragraph (g), clause (2), that substantially endangers the child's physical or mental health, including a growth delay, which may be referred to as failure to thrive, that has been diagnosed by a physician and is due to parental neglect;

(4) murder in the first, second, or third degree under section 609.185, 609.19, or 609.195;

(5) manslaughter in the first or second degree under section 609.20 or 609.205;

(6) assault in the first, second, or third degree under section 609.221, 609.222, or 609.223;

(7) solicitation, inducement, and promotion of prostitution under section 609.322;

(8) criminal sexual conduct under sections 609.342 to 609.3451;

(9) solicitation of children to engage in sexual conduct under section 609.352;

(10) malicious punishment or neglect or endangerment of a child under section 609.377 or 609.378;

(11) use of a minor in sexual performance under section 617.246; or

(12) parental behavior, status, or condition which mandates that the county attorney file a termination of parental rights petition under section 260C.503, subdivision 2.

(p) "Threatened injury" means a statement, overt act, condition, or status that represents a substantial risk of physical or sexual abuse or mental injury. Threatened injury includes, but is not limited to, exposing a child to a person responsible for the child's care, as defined in paragraph (j), clause (1), who has:

(1) subjected a child to, or failed to protect a child from, an overt act or condition that constitutes egregious harm, as defined in section 260C.007, subdivision 14, or a similar law of another jurisdiction;

(2) been found to be palpably unfit under section 260C.301, subdivision 1, paragraph (b), clause (4), or a similar law of another jurisdiction;

(3) committed an act that has resulted in an involuntary termination of parental rights under section 260C.301, or a similar law of another jurisdiction; or

(4) committed an act that has resulted in the involuntary transfer of permanent legal and physical custody of a child to a relative under Minnesota Statutes 2010, section 260C.201, subdivision 11, paragraph (d), clause (1), section 260C.515, subdivision 4, or a similar law of another jurisdiction.

A child is the subject of a report of threatened injury when the responsible social services agency receives birth match data under paragraph (q) from the Department of Human Services.

(q) Upon receiving data under section 144.225, subdivision 2b, contained in a birth record or recognition of parentage identifying a child who is subject to threatened injury under paragraph (p), the Department of Human Services shall send the data to the responsible social services agency. The data is known as "birth match" data. Unless the responsible social services agency has already begun an investigation or assessment of the report due to the birth of the child or execution of the recognition of parentage and the parent's previous history with child protection, the agency shall accept the birth match data as a report under this section. The agency may use either a family assessment or investigation to determine whether the child is safe. All of the provisions of this section apply. If the child is determined to be safe, the agency shall consult with the county attorney to determine the appropriateness of filing a petition alleging the child is in need of protection or services under section 260C.007, subdivision 6, clause (16), in order to deliver needed services. If the child is determined not to be safe, the agency and the county attorney shall take appropriate action as required under section 260C.503, subdivision 2.

(r) Persons who conduct assessments or investigations under this section shall take into account accepted child-rearing practices of the culture in which a child participates and accepted teacher discipline practices, which are not injurious to the child's health, welfare, and safety.

Sec. 12. Minnesota Statutes 2018, section 626.556, subdivision 3b, is amended to read:

Subd. 3b. **Agency responsible for assessing or investigating reports of maltreatment.** The Department of Education is the agency responsible for assessing or investigating allegations of child maltreatment in schools as defined in section 120A.05, subdivisions 9, 11, and 13; and chapter 124E. The Department of Education's responsibility to assess and investigate includes allegations of maltreatment involving students 18 to 21 years of age, including students receiving special education services, up to and until graduation and the issuance of a secondary or high school diploma.

Sec. 13. Laws 2016, chapter 189, article 25, section 56, subdivision 2, is amended to read:

Subd. 2. **Purpose.** The purpose of the support our students grant program is to:

(1) address shortages of student support services personnel, including trauma coaches, within Minnesota schools;

- (2) decrease caseloads for existing student support services personnel to ensure effective services;
- (3) ensure that students receive effective academic guidance and integrated and comprehensive services to improve ~~kindergarten~~ prekindergarten through grade 12 school outcomes and career and college readiness;
- (4) ensure that student support services personnel serve within the scope and practice of their training and licensure;
- (5) fully integrate learning supports, instruction, and school management within a comprehensive approach that facilitates interdisciplinary collaboration; and
- (6) improve school safety and school climate to support academic success and career and college readiness.

Sec. 14. Laws 2016, chapter 189, article 25, section 56, subdivision 3, is amended to read:

Subd. 3. **Grant eligibility and application.** (a) A school district, charter school, intermediate school district, or other cooperative unit is eligible to apply for a six-year matching grant under this section. Beginning July 1, 2019, once a six-year grant is awarded, the commissioner shall ensure funds are available for all six years of the grant.

(b) The commissioner of education shall specify the form and manner of the grant application. In awarding grants, the commissioner must give priority to schools in which student support services personnel positions do not currently exist. To the extent practicable, the commissioner must award grants equally between applicants in metro counties and nonmetro counties. Additional criteria must include at least the following:

- (1) existing student support services personnel caseloads;
- (2) school demographics;
- (3) Title I revenue;
- (4) Minnesota student survey data;
- (5) graduation rates; and
- (6) postsecondary completion rates.

Sec. 15. **SEXUAL HEALTH EDUCATION REPORT.**

The commissioner of education must submit a report to the committees of the legislature having jurisdiction over kindergarten through grade 12 education on the sexual health education program required under Minnesota Statutes, section 120B.211. The report must include:

- (1) a description of how the model sexual health education program or programs were identified;
- (2) assistance provided to school districts and charter schools implementing a sexual health education program;
- (3) the number of school districts and charter schools that adopted each model program; and
- (4) a list of the school districts and charter schools that did not adopt the model program.

The commissioner must submit the report no later than January 15, 2022, and must submit the report in accordance with Minnesota Statutes, section 3.195.

Sec. 16. **APPROPRIATIONS.**

Subdivision 1. Department of Education. The sums indicated in this section are appropriated from the general fund to the Department of Education for the specified purposes.

Subd. 2. Safe schools aid. (a) For safe schools aid under Minnesota Statutes, section 126C.44:

<u>\$5,769,000</u>	<u>.....</u>	<u>2020</u>
<u>\$18,601,000</u>	<u>.....</u>	<u>2021</u>

(b) For fiscal year 2020 only, each district's safe schools state aid equals its safe schools revenue for fiscal year 2020 minus the safe schools levy certified by the school district for taxes payable in 2019.

Subd. 3. Support our students grant program. (a) For grants to eligible schools under the support our students grant program:

<u>\$5,000,000</u>	<u>.....</u>	<u>2020</u>
<u>\$5,000,000</u>	<u>.....</u>	<u>2021</u>

(b) To the extent practicable, the commissioner shall ensure funds are available in each year of the six-year grant period to each qualifying entity. Up to \$100,000 in each fiscal year may be retained by the commissioner for administration of the grant program.

(c) Any balance in the first year does not cancel but is available in the second year. This is a onetime appropriation.

Subd. 4. Title IX training and compliance. For costs related to sexual harassment and sex discrimination training and compliance under Minnesota Statutes, section 121A.032:

<u>\$145,000</u>	<u>.....</u>	<u>2020</u>
<u>\$147,000</u>	<u>.....</u>	<u>2021</u>

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

Subd. 5. Innovative mental health grants; level 4 programs. (a) For transfer to the commissioner of human services for additional school-linked mental health grants:

<u>\$2,700,000</u>	<u>.....</u>	<u>2020</u>
<u>\$2,700,000</u>	<u>.....</u>	<u>2021</u>

(b) Of the appropriations in paragraph (a), the commissioner of human services must first award grants to eligible providers for programs established under Laws 2017, First Special Session chapter 5, article 2, section 56. The commissioner may award any remaining funds to eligible providers serving students in other federal instructional level 4 programs.

(c) The commissioner of human services may designate a portion of the awards granted under this subdivision for school staff development activities for licensed and unlicensed staff supporting families in meeting their children's needs, including assistance navigating the health care, social service, and juvenile justice systems.

(d) Any balance in the first year does not cancel but is available in the second year.



Subd. 6. **Trauma-informed school incentive aid.** (a) For grants to fund trauma-informed and systematic professional development for all staff who work with students, including all administration, to support students with adverse childhood experiences, and to promote restorative practices and nonexclusionary discipline in school districts and charter schools:

<u>\$3,000,000</u>	<u>.....</u>	<u>2020</u>
<u>\$3,000,000</u>	<u>.....</u>	<u>2021</u>

(b) Of the appropriations in paragraph (a), \$150,000 per year is for each of 20 selected school sites.

(c) The commissioner must select schools to receive grant funds. Preference must be given to schools identified for comprehensive support under the Every Student Succeeds Act, schools within districts with large discipline disparities identified by the Minnesota Department of Human Rights, or schools without a quality compensation plan or other plan under Minnesota Statutes, section 122A.40, subdivision 8, or 122A.41, subdivision 5. The commissioner must provide grant recipients with a list of all grant recipients and facilitate communication among recipients to encourage recipients to share best practices.

(d) Trauma-informed support program plans and allocation of grant funds must be negotiated by the school district and the exclusive representative of the teachers. Plans to implement trauma-informed support programs may include:

- (1) hiring social workers, counselors, school psychologists, nurses, paraprofessionals, or trauma coaches;
- (2) mentoring programs;
- (3) extra professional development days;
- (4) family home visiting programs; or
- (5) other outreach to students or families who have experienced trauma or adverse childhood experiences.

(e) A school district that receives a grant under this subdivision and the exclusive representative of teachers in the district must:

- (1) assess the outcomes of the grant. The assessment must include data on suspensions and expulsions, attendance, and academic achievement and growth; and
- (2) report to the commissioner on efforts to share best practices with other grant recipients.

(f) Any balance in the first year does not cancel but is available in the second year.

Sec. 17. **REVISOR INSTRUCTION.**

The revisor of statutes shall codify Laws 2016, chapter 189, article 25, section 56, as amended, as Minnesota Statutes, section 121A.395, in the next publication of Minnesota Statutes.

**EFFECTIVE DATE.** This section is effective July 1, 2019.

ARTICLE 6  
FACILITIES, FUND TRANSFERS, AND ACCOUNTING

Section 1. Minnesota Statutes 2018, section 121A.335, subdivision 3, is amended to read:

Subd. 3. **Frequency of testing.** (a) The plan under subdivision 2 must include a testing schedule for every building serving prekindergarten through grade 12 students. The schedule must require that each building be tested at least once every five years. A school district or charter school must begin testing school buildings by July 1, 2018, and complete testing of all buildings that serve students within five years.

(b) A school district or charter school that finds lead at a specific location providing cooking or drinking water within a facility must formulate, make publicly available, and implement a plan that is consistent with established guidelines and recommendations to ensure that student exposure to lead is minimized. This includes, when a school district or charter school finds the presence of lead at a level where action should be taken as set by the guidance in any water source that can provide cooking or drinking water, immediately shutting off the water source or making it unavailable until the hazard has been minimized.

**EFFECTIVE DATE.** This section is effective July 1, 2019.

Sec. 2. Minnesota Statutes 2018, section 121A.335, subdivision 5, is amended to read:

Subd. 5. **Reporting.** A school district or charter school that has tested its buildings for the presence of lead shall make the results of the testing available to the public for review and must notify parents of the availability of the information. School districts and charter schools must follow the actions outlined in guidance from the commissioners of health and education. If a test conducted under subdivision 3, paragraph (a), reveals the presence of lead above a level where action should be taken as set by the guidance, the school district or charter must, within 30 days of receiving the test result, either remediate the presence of lead to below the level set in the guidance, verified by retest, or directly notify parents of the test result. The school district or charter school must make the water source unavailable until the hazard has been minimized.

**EFFECTIVE DATE.** This section is effective July 1, 2019.

Sec. 3. Minnesota Statutes 2018, section 123B.52, subdivision 6, is amended to read:

Subd. 6. **Disposing of surplus school computers.** (a) Notwithstanding section 471.345, governing school district contracts made upon sealed bid or otherwise complying with the requirements for competitive bidding, other provisions of this section governing school district contracts, or other law to the contrary, a school district under this subdivision may dispose of school computers, including a tablet device.

(b) A school district may dispose of a surplus school computer and related equipment if the district disposes of the surplus property by conveying the property and title to:

(1) another school district;

(2) the state Department of Corrections;

(3) the Board of Trustees of the Minnesota State Colleges and Universities; or

(4) the family of a student residing in the district whose total family income meets the federal definition of poverty.

(c) If surplus school computers are not disposed of under paragraph (b), upon adoption of a written resolution of the school board, when updating or replacing school computers, including tablet devices, used primarily by students, a school district may sell or give used computers or tablets to qualifying students at the price specified in the written resolution. A student is eligible to apply to the school board for a computer or tablet under this subdivision if the student is currently enrolled in the school and intends to enroll in the school in the year following the receipt of the computer or tablet. If more students apply for computers or tablets than are available, the school must first qualify students whose families are eligible for free or reduced-price meals, and then dispose of the remaining computers or tablets by lottery.

**EFFECTIVE DATE.** This section is effective July 1, 2019.

Sec. 4. Minnesota Statutes 2018, section 123B.571, is amended to read:

**123B.571 RADON TESTING.**

Subdivision 1. **Voluntary Plan.** The commissioners of health and education may jointly develop a plan to encourage school districts and charter schools to accurately and efficiently test for the presence of radon in public school buildings serving students in kindergarten through grade 12. For purposes of this section, buildings also include the Minnesota State Academies in Faribault and the Perpich Center for Arts Education in Golden Valley. To the extent possible, the commissioners ~~shall~~ must base the plan on the standards established by the United States Environmental Protection Agency.

Subd. 2. **Radon testing.** A school district may include radon testing as a part of its ten-year facility plan under section 123B.595, subdivision 4. If a school district receives authority to use long-term facilities maintenance revenue to conduct radon testing, the district shall conduct the testing according to the radon testing plan developed by the commissioners of health and education.

Subd. 3. **Reporting.** A school district ~~that has tested~~ or charter school must test its school buildings for the presence of radon ~~shall~~ and must report the results of its tests to the Department of Health in a form and manner prescribed by the commissioner of health. A school district that has tested for the presence of radon ~~shall~~ must also report the results of its testing at a school board meeting.

Subd. 4. **Testing requirements.** (a) A school district or charter school must adopt a radon testing schedule requiring a short-term or long-term test be conducted in every building serving students at least once every five years. A school district or charter school must begin testing school buildings by July 1, 2020, and complete testing of all buildings that serve students within five years.

(b) Tests must be conducted with certified radon testing devices as listed by either the National Radon Proficiency Program or the National Radon Safety Board. Tests must test all frequently occupied rooms with ground contact and rooms immediately above unoccupied spaces that are in contact with the ground, such as crawl spaces and tunnels.

(c) If a radon test shows that a frequently occupied room has a radon level at or above four picocuries per liter, a school district or charter school must mitigate or take corrective action, and retest after corrective measures to show radon reductions. A school district or charter school must follow the Radon Mitigation Standards for Schools and Large Buildings released by the American National Standards Institute/American Association of Radon Scientists and Technologists. The district or charter school must conduct follow-up testing within two years.

**EFFECTIVE DATE.** This section is effective July 1, 2019.

Sec. 5. **[123B.651] ENERGY USE REDUCTION AND REPORTING FOR PUBLIC SCHOOLS.**

Beginning October 1, 2019, each public school or school district reporting on behalf of a public school must enter and maintain monthly utility consumption data into the Minnesota B3 benchmarking program for all buildings under its custodial control. Reporting by a third party, including automatic reporting by an electric or gas utility, may be used to meet this requirement. A school or school district must not be penalized for failure to comply with this section.

Sec. 6. Minnesota Statutes 2018, section 124E.03, subdivision 2, is amended to read:

Subd. 2. **Certain federal, state, and local requirements.** (a) A charter school shall meet all federal, state, and local health and safety requirements applicable to school districts.

(b) A school must comply with statewide accountability requirements governing standards and assessments in chapter 120B.

(c) A charter school must comply with the Minnesota Public School Fee Law, sections 123B.34 to 123B.39.

(d) A charter school is a district for the purposes of tort liability under chapter 466.

(e) A charter school must comply with the Pledge of Allegiance requirement under section 121A.11, subdivision 3.

(f) A charter school and charter school board of directors must comply with chapter 181 governing requirements for employment.

(g) A charter school must comply with continuing truant notification under section 260A.03.

(h) A charter school must develop and implement a teacher evaluation and peer review process under section 122A.40, subdivision 8, paragraph (b), clauses (2) to (13), and place students in classrooms in accordance with section 122A.40, subdivision 8, paragraph (d). The teacher evaluation process in this paragraph does not create any additional employment rights for teachers.

(i) A charter school must adopt a policy, plan, budget, and process, consistent with section 120B.11, to review curriculum, instruction, and student achievement and strive for the world's best workforce.

(j) A charter school is subject to and must comply with the Pupil Fair Dismissal Act, sections 121A.40 to 121A.56.

(k) A charter school is subject to and must comply with the uniform municipal contracting law according to section 471.345 in the same manner as school districts.

**EFFECTIVE DATE.** This section is effective July 1, 2019.

Sec. 7. Minnesota Statutes 2018, section 126C.40, subdivision 1, is amended to read:

Subdivision 1. **To lease building or land.** (a) When an independent or a special school district or a group of independent or special school districts finds it economically advantageous to rent or lease a building or land for any instructional purposes or for school storage or furniture repair, and it determines that the operating capital revenue authorized under section 126C.10, subdivision 13, is insufficient for this purpose, it may apply to the commissioner for permission to make an additional capital expenditure levy for this purpose. An application for permission to levy under this subdivision must contain financial justification for the proposed levy, the terms and conditions of the proposed lease, and a description of the space to be leased and its proposed use.

(b) The criteria for approval of applications to levy under this subdivision must include: the reasonableness of the price, the appropriateness of the space to the proposed activity, the feasibility of transporting pupils to the leased building or land, conformity of the lease to the laws and rules of the state of Minnesota, and the appropriateness of the proposed lease to the space needs and the financial condition of the district. The commissioner must not authorize a levy under this subdivision in an amount greater than the cost to the district of renting or leasing a building or land for approved purposes. The proceeds of this levy must not be used for custodial or other maintenance services. A district may not levy under this subdivision for the purpose of leasing or renting a district-owned building or site to itself.

(c) For agreements finalized after July 1, 1997, a district may not levy under this subdivision for the purpose of leasing: (1) a newly constructed building used primarily for regular kindergarten, elementary, or secondary instruction; or (2) a newly constructed building addition or additions used primarily for regular kindergarten, elementary, or secondary instruction that contains more than 20 percent of the square footage of the previously existing building.

(d) Notwithstanding paragraph (b), a district may levy under this subdivision for the purpose of leasing or renting a district-owned building or site to itself only if the amount is needed by the district to make payments required by a lease purchase agreement, installment purchase agreement, or other deferred payments agreement authorized by law, and the levy meets the requirements of paragraph (c). A levy authorized for a district by the commissioner under this paragraph may be in the amount needed by the district to make payments required by a lease purchase agreement, installment purchase agreement, or other deferred payments agreement authorized by law, provided that any agreement include a provision giving the school districts the right to terminate the agreement annually without penalty.

(e) Except as provided in paragraph (j), the total levy under this subdivision for a district for any year must not exceed \$212 times the adjusted pupil units for the fiscal year to which the levy is attributable.

(f) For agreements for which a review and comment have been submitted to the Department of Education after April 1, 1998, the term "instructional purpose" as used in this subdivision excludes expenditures on stadiums.

(g) The commissioner of education may authorize a school district to exceed the limit in paragraph (e) if the school district petitions the commissioner for approval. The commissioner shall grant approval to a school district to exceed the limit in paragraph (e) for not more than five years if the district meets the following criteria:

(1) the school district has been experiencing pupil enrollment growth in the preceding five years;

(2) the purpose of the increased levy is in the long-term public interest;

(3) the purpose of the increased levy promotes colocation of government services; and

(4) the purpose of the increased levy is in the long-term interest of the district by avoiding over construction of school facilities.

(h) A school district that is a member of an intermediate school district or other cooperative unit under section 123A.24, subdivision 2, or a joint powers district under section 471.59 may include in its authority under this section the costs associated with leases of administrative and classroom space for ~~intermediate school district~~ programs of the intermediate school district or other cooperative unit under section 123A.24, subdivision 2, or joint powers district under section 471.59. This authority must not exceed \$65 times the adjusted pupil units of the member districts. This authority is in addition to any other authority authorized under this section. The intermediate school district, other cooperative unit, or joint powers district may specify which member districts will levy for lease costs under this paragraph.

~~(i) In addition to the allowable capital levies in paragraph (a), for taxes payable in 2012 to 2023, a district that is a member of the "Technology and Information Education Systems" data processing joint board, that finds it economically advantageous to enter into a lease agreement to finance improvements to a building and land for a group of school districts or special school districts for staff development purposes, may levy for its portion of lease costs attributed to the district within the total levy limit in paragraph (e). The total levy authority under this paragraph shall not exceed \$632,000.~~

⊕ (i) Notwithstanding paragraph (a), a district may levy under this subdivision for the purpose of leasing administrative space if the district can demonstrate to the satisfaction of the commissioner that the lease cost for the administrative space is no greater than the lease cost for instructional space that the district would otherwise lease. The commissioner must deny this levy authority unless the district passes a resolution stating its intent to lease instructional space under this section if the commissioner does not grant authority under this paragraph. The resolution must also certify that the lease cost for administrative space under this paragraph is no greater than the lease cost for the district's proposed instructional lease.

(j) For taxes payable in 2024 and later, a school district that qualifies for secondary sparsity revenue under section 126C.10, subdivision 7, and operates more than two high schools, annually may levy not more than \$500 times the adjusted pupil units for the fiscal year to which the levy is attributable for the purposes of this subdivision.

(k) Notwithstanding paragraph (a), for taxes payable in 2020 and later, a district may levy under this subdivision for the district's proportionate share of deferred maintenance expenditures for a district-owned building or site leased to a cooperative unit under section 123A.24, subdivision 2, or a joint powers district under section 471.59 for any instructional purposes or for school storage.

**EFFECTIVE DATE.** This section is effective for taxes payable in 2020 and later.

Sec. 8. Minnesota Statutes 2018, section 471.59, subdivision 1, is amended to read:

Subdivision 1. **Agreement.** (a) Two or more governmental units, by agreement entered into through action of their governing bodies, may jointly or cooperatively exercise any power common to the contracting parties or any similar powers, including those which are the same except for the territorial limits within which they may be exercised. The agreement may provide for the exercise of such powers by one or more of the participating governmental units on behalf of the other participating units.

(b) The term "governmental unit" as used in this section includes every city, county, town, school district, service cooperative under section 123A.21, independent nonprofit firefighting corporation, other political subdivision of this or another state, another state, federally recognized Indian tribe, the University of Minnesota, the Minnesota Historical Society, nonprofit hospitals licensed under sections 144.50 to 144.56, rehabilitation facilities and extended employment providers that are certified by the commissioner of employment and economic development, day and supported employment services licensed under chapter 245D, and any agency of the state of Minnesota or the United States, and includes any instrumentality of a governmental unit. For the purpose of this section, an instrumentality of a governmental unit means an instrumentality having independent policy-making and appropriating authority.

Sec. 9. **FUND TRANSFERS.**

Subdivision 1. **Truman.** (a) Notwithstanding Minnesota Statutes, section 123B.79, 123B.80, or 124D.135, on June 30, 2019, Independent School District No. 458, Truman, may permanently transfer up to \$65,000 from the early childhood and family education reserve account in the community service fund to the undesignated general fund.

(b) Notwithstanding Minnesota Statutes, section 123B.79, 123B.80, or 124D.16, on June 30, 2019, Independent School District No. 458, Truman, may permanently transfer up to \$45,000 from the school readiness reserve account in the community service fund to the undesignated general fund.

Subd. 2. **Minnetonka.** Notwithstanding Minnesota Statutes, section 123B.79, 123B.80, or 124D.20, subdivision 10, on June 30, 2019, Independent School District No. 276, Minnetonka, may permanently transfer up to \$3,300,000 from its community education reserve fund balance to its reserved for operating capital account in the general fund. The transferred funds must be used only to design, construct, furnish, and equip an early childhood classroom addition.

Subd. 3. **Hopkins.** (a) Notwithstanding Minnesota Statutes, section 123B.79, 123B.80, or 124D.20, subdivision 10, on June 30, 2019, Independent School District No. 270, Hopkins, may permanently transfer up to \$500,000 from its community education reserve fund balance to its reserved for operating capital account in the general fund.

(b) The transfer funds must be used only to design, construct, furnish, and equip an early childhood classroom addition.

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

**Sec. 10. SCHOOL PROGRAM COMBINATION; HOPKINS SCHOOL DISTRICT AND CHARTER SCHOOL.**

Subdivision 1. **Combination authorized.** Notwithstanding any law to the contrary, the boards of Independent School District No. 270, Hopkins, and the charter school, may convert a charter school's program to a school district program by mutually adopting a written resolution authorizing the combination. The written resolution must be submitted to the charter school's authorizer and the commissioner of education at least eight months prior to the combination. The effective date of the combination must be no earlier than July 1, 2020, or later than July 1, 2024.

Subd. 2. **Closing books.** A charter school located within the geographic boundaries of Independent School District No. 270, Hopkins, that chooses to combine with the school district, must prepare and submit separate year-end reports for its last school year of operation prior to combination. In addition, Independent School District No. 270, Hopkins, and the charter school must provide any other information necessary for the combination to the commissioner of education in the form and manner specified by the commissioner.

Subd. 3. **Calculation of aids.** For any site-level school aids based on prior year data, the Department of Education may use the data for the charter school's last year of operations for the program's new site as a part of Independent School District No. 270, Hopkins.

Subd. 4. **Funds transferred.** The charter school must transfer its fund balances, assets, and liabilities to Independent School District No. 270, Hopkins, on the day of the combination. Independent School District No. 270, Hopkins, must commit these funds and spend them only for the benefit of the program operated by the district.

Subd. 5. **Affiliated building corporation.** The affiliated building corporation of the charter school may transfer any of its remaining funds, including those from the sale of its property, to Independent School District No. 270, Hopkins, and the school district must commit any amounts transferred for the benefit of the program operated by the district.

Subd. 6. **Levy.** In addition to its other school property tax levies, Independent School District No. 270, Hopkins, may levy on net tax capacity an amount not to exceed \$50,000 per year for taxes payable in 2020 through taxes payable in 2024.

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

Sec. 11. **APPROPRIATIONS.**

**Subdivision 1. Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

**Subd. 2. Debt service equalization aid.** For debt service equalization aid under Minnesota Statutes, section 123B.53, subdivision 6:

<u>\$20,684,000</u>	.....	<u>2020</u>
<u>\$20,363,000</u>	.....	<u>2021</u>

The 2020 appropriation includes \$2,292,000 for 2019 and \$18,392,000 for 2020.

The 2021 appropriation includes \$2,043,000 for 2020 and \$18,320,000 for 2021.

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

<u>\$105,315,000</u>	.....	<u>2020</u>
<u>\$108,231,000</u>	.....	<u>2021</u>

The 2020 appropriation includes \$10,464,000 for 2019 and \$94,851,000 for 2020.

The 2021 appropriation includes \$10,539,000 for 2020 and \$97,692,000 for 2021.

**Subd. 4. Equity in telecommunications access.** (a) For equity in telecommunications access:

<u>\$3,750,000</u>	.....	<u>2020</u>
<u>\$3,750,000</u>	.....	<u>2021</u>

(b) If the appropriation amount is insufficient, the commissioner shall reduce the reimbursement rate in Minnesota Statutes, section 125B.26, subdivisions 4 and 5, and the revenue for fiscal years 2020 and 2021 shall be prorated.

(c) Any balance in the first year does not cancel but is available in the second year.

**Subd. 5. Early repayment aid incentive.** (a) For incentive grants for a district that repaid the full outstanding original principal on its capital loan by November 30, 2016, under Laws 2011, First Special Session chapter 11, article 4, section 8, as amended by Laws 2016, chapter 189, article 30, section 22:

<u>\$2,350,000</u>	.....	<u>2020</u>
<u>\$2,350,000</u>	.....	<u>2021</u>

(b) Of this amount, \$150,000 is for a grant to Independent School District No. 36, Kelliher; \$180,000 is for a grant to Independent School District No. 95, Cromwell; \$495,000 is for a grant to Independent School District No. 299, Caledonia; \$220,000 is for a grant to Independent School District No. 306, Laporte; \$150,000 is for a grant to Independent School District No. 362, Littlefork; \$650,000 is for a grant to Independent School District No. 682, Roseau; and \$505,000 is for a grant to Independent School District No. 2580, East Central.

(c) The grant may be used for any school-related purpose.

(d) The base for fiscal year 2022 is \$0.



Subd. 6. **Maximum effort loan aid.** For aid payments to schools under Minnesota Statutes, section 477A.09.

<u>\$3,291,000</u>	.....	<u>2020</u>
<u>\$3,291,000</u>	.....	<u>2021</u>

The base for fiscal year 2022 is \$3,291,000 and the base for fiscal year 2023 is \$0.

ARTICLE 7  
NUTRITION AND LIBRARIES

Section 1. Minnesota Statutes 2018, section 124D.111, is amended to read:

**124D.111 SCHOOL MEALS POLICIES; LUNCH AID; FOOD SERVICE ACCOUNTING.**

Subdivision 1. **School ~~lunch aid computation~~ meals policies.** (a) Each Minnesota participant in the national school lunch program must adopt and post to its website, or the website of the organization where the meal is served, a school meals policy.

(b) The policy must be in writing and clearly communicate student meal charges when payment cannot be collected at the point of service. The policy must be reasonable and well-defined and maintain the dignity of students by prohibiting lunch shaming or otherwise ostracizing the student.

(c) The policy must address whether the participant uses a collection agency to collect unpaid school meals debt.

(d) The policy must ensure that once a participant has placed a meal on a tray or otherwise served the meal to a student, the meal may not be subsequently withdrawn from the student by the cashier or other school official, whether or not the student has an outstanding meals balance.

(e) The policy must ensure that a student who has been determined eligible for free and reduced-price lunch must always be served a reimbursable meal even if the student has an outstanding debt.

(f) If a school contracts with a third party for its meal services, it must provide the vendor with its school meals policy. Any contract between the school and a third-party provider entered into or modified after July 1, 2019, must ensure that the third-party provider adheres to the participant's school meals policy.

Subd. 1a. **School lunch aid amounts.** Each school year, the state must pay participants in the national school lunch program the amount of 12.5 cents for each full paid and free student lunch and 52.5 cents for each reduced-price lunch served to students.

Subd. 2. **Application.** A school district, charter school, nonpublic school, or other participant in the national school lunch program shall apply to the department for this payment on forms provided by the department.

Subd. 2a. **Federal child and adult care food program; criteria and notice.** The commissioner must post on the department's website eligibility criteria and application information for nonprofit organizations interested in applying to the commissioner for approval as a multisite sponsoring organization under the federal child and adult care food program. The posted criteria and information must inform interested nonprofit organizations about:

(1) the criteria the commissioner uses to approve or disapprove an application, including how an applicant demonstrates financial viability for the Minnesota program, among other criteria;

(2) the commissioner's process and time line for notifying an applicant when its application is approved or disapproved and, if the application is disapproved, the explanation the commissioner provides to the applicant; and

(3) any appeal or other recourse available to a disapproved applicant.

Subd. 3. **School food service fund.** (a) The expenses described in this subdivision must be recorded as provided in this subdivision.

(b) In each district, the expenses for a school food service program for pupils must be attributed to a school food service fund. Under a food service program, the school food service may prepare or serve milk, meals, or snacks in connection with school or community service activities.

(c) Revenues and expenditures for food service activities must be recorded in the food service fund. The costs of processing applications, accounting for meals, preparing and serving food, providing kitchen custodial services, and other expenses involving the preparing of meals or the kitchen section of the lunchroom may be charged to the food service fund or to the general fund of the district. The costs of lunchroom supervision, lunchroom custodial services, lunchroom utilities, and other administrative costs of the food service program must be charged to the general fund.

That portion of superintendent and fiscal manager costs that can be documented as attributable to the food service program may be charged to the food service fund provided that the school district does not employ or contract with a food service director or other individual who manages the food service program, or food service management company. If the cost of the superintendent or fiscal manager is charged to the food service fund, the charge must be at a wage rate not to exceed the statewide average for food service directors as determined by the department.

(d) Capital expenditures for the purchase of food service equipment must be made from the general fund and not the food service fund, unless the restricted balance in the food service fund at the end of the last fiscal year is greater than the cost of the equipment to be purchased.

(e) If the condition set out in paragraph (d) applies, the equipment may be purchased from the food service fund.

(f) If a deficit in the food service fund exists at the end of a fiscal year, and the deficit is not eliminated by revenues from food service operations in the next fiscal year, then the deficit must be eliminated by a permanent fund transfer from the general fund at the end of that second fiscal year. However, if a district contracts with a food service management company during the period in which the deficit has accrued, the deficit must be eliminated by a payment from the food service management company.

(g) Notwithstanding paragraph (f), a district may incur a deficit in the food service fund for up to three years without making the permanent transfer if the district submits to the commissioner by January 1 of the second fiscal year a plan for eliminating that deficit at the end of the third fiscal year.

(h) If a surplus in the food service fund exists at the end of a fiscal year for three successive years, a district may recode for that fiscal year the costs of lunchroom supervision, lunchroom custodial services, lunchroom utilities, and other administrative costs of the food service program charged to the general fund according to paragraph (c) and charge those costs to the food service fund in a total amount not to exceed the amount of surplus in the food service fund.

Subd. 4. **No fees.** A participant that receives school lunch aid under this section must make lunch available without charge and must not deny a school lunch to all participating students who qualify for free or reduced-price meals, whether or not that student has an outstanding balance in the student's meals account attributable to a la carte purchases or for any other reason.

Subd. 5. **Respectful treatment.** (a) The participant must also provide meals to students in a respectful manner according to the policy adopted under subdivision 1. The participant must ensure that any reminders for payment of outstanding student meal balances do not demean or stigmatize any child participating in the school lunch program, including but not limited to dumping meals, withdrawing a meal that has been served, announcing or listing students names publicly, or affixing stickers, stamps, or pins. The participant must not impose any other restriction prohibited under section 123B.37 due to unpaid student meal balances. The participant must not limit a student's participation in any school activities, graduation ceremonies or other graduation activities, field trips, athletics, activity clubs, or other extracurricular activities or access to materials, technology, or other items provided to students due to an unpaid student meal balance.

(b) If the commissioner or the commissioner's designee determines a participant has violated the requirement to provide meals to participating students in a respectful manner, the commissioner or the commissioner's designee must send a letter of noncompliance to the participant. The participant is required to respond and, if applicable, remedy the practice within 30 days.

**EFFECTIVE DATE.** This section is effective July 1, 2019.

Sec. 2. Minnesota Statutes 2018, section 124D.1158, is amended to read:

**124D.1158 SCHOOL BREAKFAST PROGRAM.**

Subdivision 1. **Purpose.** The purpose of the school breakfast program is to provide affordable morning nutrition to children so that they can effectively learn. Public and nonpublic schools that participate in the federal school breakfast program may receive state breakfast aid. Schools shall encourage all children to eat a nutritious breakfast, either at home or at school, and shall work to eliminate barriers to breakfast participation at school such as inadequate facilities and transportation.

Subd. 1a. **Definitions.** (a) "Breakfast in the classroom" means a meal delivered to each classroom near the beginning of the student's school day.

(b) "Federal reimbursement rate for free breakfast" means the federal reimbursement rate for free breakfast for a Minnesota school not in severe need.

(c) "Full federal reimbursement of meals served" means that the reimbursement under the Community Eligibility Provision program under section 11(a)(1) of the Richard B. Russell National School Lunch Act, United States Code, title 42, section 1759a(a)(1), covers the full stated meal price for each meal served.

(d) "Grab and go" means a breakfast model where foods are available for students to take at the start of the school day or between morning classes to eat in the classroom or as otherwise designated by the school.

(e) "Participating student" means a student at the school site enrolled in:

(1) an approved voluntary prekindergarten program under section 124D.151;

(2) kindergarten; or

(3) grades 1 to 12.

(f) "Second chance breakfast" means food served for breakfast available later in the morning, including during recess or nutrition breaks.

Subd. 1b. **Breakfast after the bell program.** In order to increase participation in school breakfast programs, a school may establish a voluntary "breakfast after the bell" program. A breakfast after the bell program may include grab and go breakfasts, second chance breakfasts, or breakfasts in the classroom according to a plan developed by the participating school site.

Subd. 2. **Program; eligibility.** Each school year, public and nonpublic schools that participate in the federal school breakfast program are eligible for the state breakfast program.

Subd. 3. **Program reimbursement; regular school breakfast.** Each school year, the state must reimburse each participating school 30 cents for each reduced-price breakfast, 55 cents for each fully paid breakfast served to students in grades 1 to 12, and ~~\$1.30~~ \$1.35 for each fully paid breakfast served to a prekindergarten student enrolled in an approved voluntary prekindergarten program under section 124D.151 or a kindergarten student.

Subd. 3a. **Program reimbursement; voluntary breakfast after the bell.** (a) A school district where more than 40 percent of the students enrolled in the previous school year were eligible for free or reduced-price meals and that is required to offer a school breakfast program under section 124D.117, at its discretion, may elect, on a site by site basis, to receive funding for its breakfast programs under this subdivision or under subdivision 3, but not both. In order to receive aid under this subdivision, a school district with an eligible school site must apply to the commissioner in the form and manner specified by the commissioner and demonstrate to the commissioner's satisfaction that the school site is not eligible for full federal reimbursement of its meals served. A school district's application must include:

(1) documentation of engagement between the applicant school's administration and staff indicating support to implement a breakfast after the bell program; and

(2) a description of the breakfast after the bell program model that will be used at the school.

(b) Each school year, the state must reimburse each participating breakfast after the bell school an amount equal to the greater of zero, or the difference between:

(1) the product of the number of breakfasts served to participating students and the federal reimbursement rate for free breakfast; and

(2) the federal school breakfast program nonsevere reimbursements for the school.

Subd. 4. **No fees.** (a) A school that receives school breakfast aid under ~~this section~~ subdivision 3 must make breakfast available without charge to all participating students at that school site in grades 1 to 12 who qualify for free or reduced-price meals and to all prekindergarten students enrolled in an approved voluntary prekindergarten program under section 124D.151 and all kindergarten students.

(b) A school that receives breakfast aid under subdivision 3a must make breakfast available without charge to all participating students.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2020 and later.

Sec. 3. Minnesota Statutes 2018, section 134.355, subdivision 5, is amended to read:

Subd. 5. **Base aid distribution.** Five Fifteen percent of the available aid funds shall be paid to each system as base aid for basic system services.

**EFFECTIVE DATE.** This section is effective for state aid for fiscal year 2020 and later.

Sec. 4. Minnesota Statutes 2018, section 134.355, subdivision 6, is amended to read:

Subd. 6. **Adjusted net tax capacity per capita distribution.** ~~Twenty-five~~ Fifteen percent of the available aid funds shall be distributed to regional public library systems based upon the adjusted net tax capacity per capita for each member county or participating portion of a county as calculated for the ~~second~~ third year preceding the fiscal year for which aid is provided. Each system's entitlement shall be calculated as follows:

~~(a)~~ (1) multiply the adjusted net tax capacity per capita for each county or participating portion of a county by .0082;

~~(b)~~ (2) add sufficient aid funds that are available under this subdivision to raise the amount of the county or participating portion of a county with the lowest value calculated according to ~~paragraph (a) clause (1)~~ to the amount of the county or participating portion of a county with the next highest value calculated according to ~~paragraph (a) clause (1)~~. Multiply the amount of the additional aid funds by the population of the county or participating portion of a county;

~~(c)~~ (3) continue the process described in ~~paragraph (b) clause (2)~~ by adding sufficient aid funds that are available under this subdivision to the amount of a county or participating portion of a county with the next highest value calculated in ~~paragraph (a) clause (1)~~ to raise it and the amount of counties and participating portions of counties with lower values calculated in ~~paragraph (a) clause (1)~~ up to the amount of the county or participating portion of a county with the next highest value, until reaching an amount where funds available under this subdivision are no longer sufficient to raise the amount of a county or participating portion of a county and the amount of counties and participating portions of counties with lower values up to the amount of the next highest county or participating portion of a county; and

~~(d)~~ (4) if the point is reached using the process in ~~paragraphs (b) and (c) clauses (2) and (3)~~ at which the remaining aid funds under this subdivision are not adequate for raising the amount of a county or participating portion of a county and all counties and participating portions of counties with amounts of lower value to the amount of the county or participating portion of a county with the next highest value, those funds are to be divided on a per capita basis for all counties or participating portions of counties that received aid funds under the calculation in ~~paragraphs (b) and (c) clauses (2) and (3)~~.

**EFFECTIVE DATE.** This section is effective for state aid for fiscal year 2020 and later.

Sec. 5. Minnesota Statutes 2018, section 134.355, subdivision 7, is amended to read:

Subd. 7. **Population determination.** A regional public library system's population shall be determined according to must be calculated using the most recent estimate available under section 477A.011, subdivision 3, at the time the aid amounts are calculated, which must be by April 1 in the year the calculation is made.

**EFFECTIVE DATE.** This section is effective for state aid for fiscal year 2020 and later.

Sec. 6. Minnesota Statutes 2018, section 134.355, subdivision 8, is amended to read:

Subd. 8. **Eligibility.** (a) A regional public library system may apply for regional library telecommunications aid on behalf of itself and member public libraries.

(b) The aid must be used for connections and other eligible non-voice-related e-rate program category one services. Aid may be used for e-rate program category two services as identified in the Federal Communication Commission's eligible services list for the current and preceding four funding years, if sufficient funds remain once category one needs are met in each funding year. If sufficient funds remain after meeting category one and category two needs in each funding year, aid may be used for other regional public library technology, network infrastructure, security, and telecommunications services including nonphone telecommunication services for remote self-service pickup locations for library materials on nonlibrary property.

(c) To be eligible, a regional public library system must be officially designated by the commissioner of education as a regional public library system as defined in section 134.34, subdivision 3, and each of its participating cities and counties must meet local support levels defined in section 134.34, subdivision 1. A public library building that receives aid under this section must be open a minimum of 20 hours per week. Exceptions to the minimum open hours requirement may be granted by the Department of Education on request of the regional public library system for the following circumstances: short-term closing for emergency maintenance and repairs following a natural disaster; in response to exceptional economic circumstances; building repair or maintenance that requires public services areas to be closed; or to adjust hours of public service to respond to documented seasonal use patterns.

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

Sec. 7. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated. Any balance in the first year does not cancel but is available in the second year.

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

<u>\$16,359,000</u>	.....	<u>2020</u>
<u>\$16,629,000</u>	.....	<u>2021</u>

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

<u>\$11,273,000</u>	.....	<u>2020</u>
<u>\$11,733,000</u>	.....	<u>2021</u>

Subd. 4. **Breakfast after the bell.** (a) For school breakfast aid under Minnesota Statutes, section 124D.1158:

<u>\$2,000,000</u>	.....	<u>2020</u>
<u>\$2,300,000</u>	.....	<u>2021</u>

(b) The base for fiscal year 2022 is \$2,600,000, and the base for fiscal year 2023 is \$3,200,000.

(c) The commissioner of education must report to the education committees of the legislature by February 15, 2021, on the outcomes and barriers of breakfast after the bell programs. The report must list the number of schools and the number of participating students by each type of breakfast after the bell program. The report must also identify the barriers to participation in the breakfast after the bell program, including for those school sites that are eligible for free breakfast but don't participate and school sites that are eligible for the Community Eligibility Provision program but do not participate. The report must recommend legislative actions that would simplify and eliminate barriers to participation in the breakfast after the bell program and the Community Eligibility Provision program.

Subd. 5. **Kindergarten milk.** For kindergarten milk aid under Minnesota Statutes, section 124D.118:

<u>\$691,000</u>	.....	<u>2020</u>
<u>\$691,000</u>	.....	<u>2021</u>

Subd. 6. **Summer school food service replacement aid.** For summer school food service replacement aid under Minnesota Statutes, section 124D.119:

<u>\$150,000</u>	<u>.....</u>	<u>2020</u>
<u>\$150,000</u>	<u>.....</u>	<u>2021</u>

Subd. 7. **Regional library basic system support.** For regional library basic system support aid under Minnesota Statutes, section 134.355:

<u>\$17,170,000</u>	<u>.....</u>	<u>2020</u>
<u>\$17,570,000</u>	<u>.....</u>	<u>2021</u>

The 2020 appropriation includes \$1,357,000 for 2019 and \$15,813,000 for 2020. The 2021 appropriation includes \$1,757,000 for 2020 and \$15,813,000 for 2021.

Subd. 8. **Multicounty, multitype library systems.** For aid under Minnesota Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

<u>\$1,300,000</u>	<u>.....</u>	<u>2020</u>
<u>\$1,300,000</u>	<u>.....</u>	<u>2021</u>

The 2020 appropriation includes \$130,000 for 2019 and \$1,170,000 for 2020.

The 2021 appropriation includes \$130,000 for 2020 and \$1,170,000 for 2021.

Subd. 9. **Electronic library for Minnesota.** For statewide licenses to online databases selected in cooperation with the Minnesota Office of Higher Education for school media centers, public libraries, state government agency libraries, and public or private college or university libraries:

<u>\$900,000</u>	<u>.....</u>	<u>2020</u>
<u>\$900,000</u>	<u>.....</u>	<u>2021</u>

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

Subd. 10. **Regional library telecommunications aid.** For regional library telecommunications aid under Minnesota Statutes, section 134.355:

<u>\$2,300,000</u>	<u>.....</u>	<u>2020</u>
<u>\$2,300,000</u>	<u>.....</u>	<u>2021</u>

The 2020 appropriation includes \$230,000 for 2019 and \$2,070,000 for 2020.

The 2021 appropriation includes \$230,000 for 2020 and \$2,070,000 for 2021.

## ARTICLE 8 EARLY CHILDHOOD

Section 1. Minnesota Statutes 2018, section 121A.45, subdivision 2, is amended to read:

Subd. 2. **Grounds for dismissal.** A school district must not dismiss a child participating or enrolled in a prekindergarten program. A school district may dismiss a pupil ~~may be dismissed on any of the following grounds in kindergarten through grade 12 for:~~

(a) (1) willful violation of any reasonable school board regulation. Such regulation must be clear and definite to provide notice to pupils that they must conform their conduct to its requirements;

(b) (2) willful conduct that significantly disrupts the rights of others to an education, or the ability of school personnel to perform their duties, or school sponsored extracurricular activities; or

(c) (3) willful conduct that endangers the pupil or other pupils, or surrounding persons, including school district employees, or property of the school.

**EFFECTIVE DATE.** This section is effective for the 2019-2020 school year and later.

Sec. 2. **[122A.261] PREKINDERGARTEN, SCHOOL READINESS, PRESCHOOL, AND EARLY EDUCATION PROGRAMS; LICENSURE REQUIREMENTS.**

**Subdivision 1. Licensure requirement.** A school district or charter school that operates a preschool, school readiness, school readiness plus, prekindergarten, or other similar early education program must employ a qualified teacher, as defined in section 122A.16, to provide instruction in such a program.

**Subd. 2. Exemption from licensure.** A person employed by a school district or charter school as a teacher in an early education program during the 2018-2019 school year, who does not have a Minnesota teaching license issued in accordance with chapter 122A, is exempt from the teacher licensure requirement until July 1, 2024, or until the teacher obtains a Minnesota teaching license, whichever occurs first. Notwithstanding the licensure exemption under this subdivision, a person employed as a teacher in a school district or charter school based early education program is a teacher, as defined in section 179A.03, subdivision 18.

Sec. 3. Minnesota Statutes 2018, section 124D.151, subdivision 2, is amended to read:

Subd. 2. **Program requirements.** (a) A voluntary prekindergarten program provider must:

(1) provide instruction through play-based learning to foster children's social and emotional development, cognitive development, physical and motor development, and language and literacy skills, including the native language and literacy skills of English learners, to the extent practicable;

(2) measure each child's cognitive and social skills using a formative measure aligned to the state's early learning standards when the child enters and again before the child leaves the program, screening and progress monitoring measures, and ~~others~~ other age-appropriate versions from the state-approved menu of kindergarten entry profile measures;

(3) provide comprehensive program content including the implementation of curriculum, assessment, and instructional strategies aligned with the state early learning standards, and kindergarten through grade 3 academic standards;

(4) provide instructional content and activities that are of sufficient length and intensity to address learning needs including offering a program with at least 350 hours of instruction per school year for a prekindergarten student;

(5) provide voluntary prekindergarten instructional staff salaries comparable to the salaries of local kindergarten through grade 12 instructional staff;



(6) coordinate appropriate kindergarten transition with families, community-based prekindergarten programs, and school district kindergarten programs;

(7) involve parents in program planning and transition planning by implementing parent engagement strategies that include culturally and linguistically responsive activities in prekindergarten through third grade that are aligned with early childhood family education under section 124D.13;

(8) coordinate with relevant community-based services, including health and social service agencies, to ensure children have access to comprehensive services;

(9) coordinate with all relevant school district programs and services including early childhood special education, homeless students, and English learners;

(10) ensure staff-to-child ratios of one-to-ten and a maximum group size of 20 children;

(11) provide high-quality coordinated professional development, training, and coaching for both school district and community-based early learning providers that is informed by a measure of adult-child interactions and enables teachers to be highly knowledgeable in early childhood curriculum content, assessment, native and English language development programs, and instruction; and

(12) implement strategies that support the alignment of professional development, instruction, assessments, and prekindergarten through grade 3 curricula.

(b) A voluntary prekindergarten program must have teachers knowledgeable in early childhood curriculum content, assessment, native and English language programs, and instruction.

(c) Districts and charter schools must include their strategy for implementing and measuring the impact of their voluntary prekindergarten program under section 120B.11 and provide results in their world's best workforce annual summary to the commissioner of education.

Sec. 4. Minnesota Statutes 2018, section 124D.151, subdivision 4, is amended to read:

Subd. 4. **Eligibility.** A child who is four years of age as of September 1 in the calendar year in which the school year commences is eligible to participate in a voluntary prekindergarten program free of charge. An eligible four-year-old child served in a mixed-delivery system by a child care center, family child care program licensed under section 245A.03, or community-based organization may be charged a fee as long as the mixed-delivery partner was not awarded a seat for that child. Each eligible child must complete a health and developmental screening within 90 days of program enrollment under sections 121A.16 to 121A.19, and provide documentation of required immunizations under section 121A.15.

Sec. 5. Minnesota Statutes 2018, section 124D.151, subdivision 5, is amended to read:

Subd. 5. **Application process; priority for high poverty schools.** (a) ~~To qualify for program approval for fiscal year 2017, a district or charter school must submit an application to the commissioner by July 1, 2016. To qualify for program approval for fiscal year 2018 and later, a district or charter school must submit an application to the commissioner by January 30 of the fiscal year prior to the fiscal year in which the program will be implemented. The application must include:~~

(1) a description of the proposed program, including the number of hours per week the program will be offered at each school site or mixed-delivery location;

(2) an estimate of the number of eligible children to be served in the program at each school site or mixed-delivery location; and

(3) a statement of assurances signed by the superintendent or charter school director that the proposed program meets the requirements of subdivision 2.

(b) The commissioner must review all applications submitted ~~for fiscal year 2017 by August 1, 2016, and must review all applications submitted for fiscal year 2018 and later~~ by March 1 of the fiscal year in which the applications are received and determine whether each application meets the requirements of paragraph (a).

(c) The commissioner must divide all applications for new or expanded voluntary prekindergarten programs under this section meeting the requirements of paragraph (a) and school readiness plus programs into ~~four~~ five groups as follows: the Minneapolis ~~and school district; the~~ St. Paul school ~~districts~~ district; other school districts located in the metropolitan equity region as defined in section 126C.10, subdivision 28; school districts located in the rural equity region as defined in section 126C.10, subdivision 28; and charter schools. Within each group, the applications must be ordered by rank using a sliding scale based on the following criteria:

(1) concentration of kindergarten students eligible for free or reduced-price lunches by school site on October 1 of the previous school year. A school site may contract to partner with a community-based provider or Head Start under subdivision 3 or establish an early childhood center and use the concentration of kindergarten students eligible for free or reduced-price meals from a specific school site as long as those eligible children are prioritized and guaranteed services at the mixed-delivery site or early education center. For school district programs to be operated at locations that do not have free and reduced-price lunch concentration data for kindergarten programs for October 1 of the previous school year, including mixed-delivery programs, the school district average concentration of kindergarten students eligible for free or reduced-price lunches must be used for the rank ordering;

(2) presence or absence of a three- or four-star Parent Aware rated program within the school district or close proximity of the district. School sites with the highest concentration of kindergarten students eligible for free or reduced-price lunches that do not have a three- or four-star Parent Aware program within the district or close proximity of the district shall receive the highest priority, and school sites with the lowest concentration of kindergarten students eligible for free or reduced-price lunches that have a three- or four-star Parent Aware rated program within the district or close proximity of the district shall receive the lowest priority; and

(3) whether the district has implemented a ~~mixed-delivery~~ mixed-delivery system.

(d) If the participation limit under subdivision 6 is higher than the participation limit for the previous year, the limit on participation for the programs as specified in subdivision 6 must initially be allocated among the ~~four~~ five groups based on each group's percentage share of the statewide kindergarten enrollment on October 1 of the previous school year. If the participation limit is the same as the participation limit for the previous year, the participation limit must initially be allocated among the five groups based on each group's participation limit for the previous school year. Within each group, the participation limit ~~for fiscal years 2018 and 2019~~ must first be allocated to school sites approved for aid in the previous year to ensure that those sites are funded for the same number of participants as approved for the previous year. The remainder of the participation limit for each group must be allocated among school sites in priority order until that region's share of the participation limit is reached. If the participation limit is not reached for all groups, the remaining amount must be allocated to the highest priority school sites, as designated under this section, not funded in the initial allocation on a statewide basis. ~~For fiscal year 2020 and later, the participation limit must first be allocated to school sites approved for aid in fiscal year 2017, and then to school sites approved for aid in fiscal year 2018 based on the statewide rankings under paragraph (c).~~

(e) Once a school site or a ~~mixed-delivery~~ mixed-delivery site under subdivision 3 is approved for aid under this subdivision, it shall remain eligible for aid if it continues to meet program requirements, regardless of changes in the concentration of students eligible for free or reduced-price lunches.

(f) If the total number of participants approved based on applications submitted under paragraph (a) is less than the participation limit under subdivision 6, the commissioner must notify all school districts and charter schools of the amount that remains available within 30 days of the initial application deadline under paragraph (a), and complete a second round of allocations based on applications received within 60 days of the initial application deadline.

(g) Procedures for approving applications submitted under paragraph (f) shall be the same as specified in paragraphs (a) to (d), except that the allocations shall be made to the highest priority school sites not funded in the initial allocation on a statewide basis.

**EFFECTIVE DATE.** This section is effective for applications for fiscal year 2020 and later.

Sec. 6. Minnesota Statutes 2018, section 124D.151, subdivision 6, is amended to read:

Subd. 6. **Participation limits.** (a) Notwithstanding section 126C.05, subdivision 1, paragraph (d), the pupil units for a voluntary prekindergarten program for an eligible school district or charter school must not exceed 60 percent of the kindergarten pupil units for that school district or charter school under section 126C.05, subdivision 1, paragraph (e).

(b) In reviewing applications under subdivision 5, ~~the commissioner must limit the estimated state aid entitlement approved under this section to \$27,092,000 for fiscal year 2017. If the actual state aid entitlement based on final data exceeds the limit in any year, the aid of the participating districts must be prorated so as not to exceed the limit.~~

(c) ~~The commissioner must limit the total number of funded participants in the voluntary prekindergarten program under this section to not more than 3,160.~~

(d) ~~Notwithstanding paragraph (c), the commissioner must limit the total number of participants in the voluntary prekindergarten and school readiness plus programs under Laws 2017, First Special Session chapter 5, article 8, section 9 to not more than 6,160 participants for fiscal year 2018 and 7,160 participants for per fiscal year 2019.~~

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2020 and later.

Sec. 7. Minnesota Statutes 2018, section 124D.165, subdivision 2, is amended to read:

Subd. 2. **Family eligibility.** (a) For a family to receive an early learning scholarship, parents or guardians must meet the following eligibility requirements:

(1) have an eligible child; and

(2) have income equal to or less than 185 percent of federal poverty level income in the current calendar year, or be able to document their child's current participation in the free and reduced-price lunch program or Child and Adult Care Food Program, National School Lunch Act, United States Code, title 42, sections 1751 and 1766; the Food Distribution Program on Indian Reservations, Food and Nutrition Act, United States Code, title 7, sections 2011-2036; Head Start under the federal Improving Head Start for School Readiness Act of 2007; Minnesota family investment program under chapter 256J; child care assistance programs under chapter 119B; the supplemental nutrition assistance program; or placement in foster care under section 260C.212. Parents or guardians are not required to provide income verification under this clause if the child is an eligible child under paragraph (b), clause (4) or (5).

(b) An "eligible child" means a child who has not yet enrolled in kindergarten and is:

(1) ~~at least from birth to age three but not yet five years of age~~ on September 1 of the current school year;

(2) a sibling from birth to age ~~five~~ four of a child who has been awarded a scholarship under this section provided the sibling attends the same program as long as funds are available;

(3) the child of a parent under age 21 who is pursuing a high school degree or a course of study for a high school equivalency test; ~~or~~

~~(4) homeless, in foster care, or in need of child protective services.~~

(4) a child in need of protective services or in foster care;

(5) designated as homeless under the federal McKinney-Vento Homeless Assistance Act, United States Code, title 42, section 11434a; or

(6) a child not yet five years of age on September 1 of the current school year participating in a program with a designated number of scholarship slots under subdivision 3, paragraph (c).

(c) A child who has received a scholarship under this section must continue to receive a scholarship each year until that child is eligible for kindergarten under section 120A.20 and as long as funds are available. This paragraph applies notwithstanding the age requirements under paragraph (b).

(d) Early learning scholarships may not be counted as earned income for the purposes of medical assistance under chapter 256B, MinnesotaCare under chapter 256L, Minnesota family investment program under chapter 256J, child care assistance programs under chapter 119B, or Head Start under the federal Improving Head Start for School Readiness Act of 2007.

(e) A child from an adjoining state whose family resides at a Minnesota address as assigned by the United States Postal Service, who has received developmental screening under sections 121A.16 to 121A.19, who intends to enroll in a Minnesota school district, and whose family meets the criteria of paragraph (a) is eligible for an early learning scholarship under this section.

Sec. 8. Minnesota Statutes 2018, section 124D.165, subdivision 3, is amended to read:

Subd. 3. **Administration.** (a) The commissioner shall establish application timelines and determine the schedule for awarding scholarships that meets operational needs of eligible families and programs. The commissioner must give highest priority to applications from children who:

(1) have a parent under age 21 who is pursuing a high school diploma or a course of study for a high school equivalency test;

(2) are in foster care or otherwise in need of protection or services; or

(3) have experienced homelessness in the last 24 months, as defined under the federal McKinney-Vento Homeless Assistance Act, United States Code, title 42, section 11434a.

The commissioner may prioritize applications on additional factors including family income, geographic location, and whether the child's family is on a waiting list for a publicly funded program providing early education or child care services.

(b) The commissioner shall establish a target for the average scholarship amount per child based on the results of the rate survey conducted under section 119B.02.

(c) A four-star rated program that has children eligible for a scholarship enrolled in or on a waiting list for a program beginning in July, August, or September may notify the commissioner, in the form and manner prescribed by the commissioner, each year of the program's desire to enhance program services or to serve more children than current funding provides. The commissioner may designate a predetermined number of scholarship slots for that program and notify the program of that number. ~~For fiscal year 2018 and later, the statewide amount of funding directly designated by the commissioner must not exceed the funding directly designated for fiscal year 2017. Beginning July 1, 2016,~~ A school district or Head Start program qualifying under this paragraph may use its established registration process to enroll scholarship recipients and may verify a scholarship recipient's family income in the same manner as for other program participants.

(d) A scholarship is awarded for a 12-month period. If the scholarship recipient has not been accepted and subsequently enrolled in a rated program within ten months of the awarding of the scholarship, the scholarship cancels and the recipient must reapply in order to be eligible for another scholarship. A child may not be awarded more than one scholarship in a 12-month period.

(e) A child over age three who receives a scholarship ~~who~~ and has not completed development screening under sections 121A.16 to 121A.19 must complete that screening within 90 days of first attending an eligible program. A child who receives a scholarship before age three must complete the developmental screening no later than 90 days after the child's third birthday.

(f) For fiscal year 2017 and later, a school district or Head Start program enrolling scholarship recipients under paragraph (c) may apply to the commissioner, in the form and manner prescribed by the commissioner, for direct payment of state aid. Upon receipt of the application, the commissioner must pay each program directly for each approved scholarship recipient enrolled under paragraph (c) according to the metered payment system or another schedule established by the commissioner.

Sec. 9. Minnesota Statutes 2018, section 124D.165, subdivision 4, is amended to read:

Subd. 4. **Early childhood program eligibility.** (a) In order to be eligible to accept an early learning scholarship, a program must:

- (1) participate in the quality rating and improvement system under section 124D.142; and
- (2) beginning July 1, 2020, have a three- or four-star rating in the quality rating and improvement system.

(b) Any program accepting scholarships must use the revenue to supplement and not supplant federal funding.

~~(c) Notwithstanding paragraph (a), all Minnesota early learning foundation scholarship program pilot sites are eligible to accept an early learning scholarship under this section.~~

Sec. 10. Minnesota Statutes 2018, section 124D.165, is amended by adding a subdivision to read:

Subd. 6. **Early learning scholarship account.** (a) An account is established in the special revenue fund known as the "early learning scholarship account."

(b) Funds appropriated for early learning scholarships under this section must be transferred to the early learning scholarship account in the special revenue fund.

(c) Money in the account is annually appropriated to the commissioner for early learning scholarships under this section. Money in the account is available until spent. Any returned funds are available to be regranted.

(d) Up to \$950,000 annually is available to the commissioner for costs associated with administering and monitoring early learning scholarships.

Sec. 11. Minnesota Statutes 2018, section 126C.05, subdivision 1, is amended to read:

Subdivision 1. **Pupil unit.** Pupil units for each Minnesota resident pupil under the age of 21 or who meets the requirements of section 120A.20, subdivision 1, paragraph (c), in average daily membership enrolled in the district of residence, in another district under sections 123A.05 to 123A.08, 124D.03, 124D.08, or 124D.68; in a charter school under chapter 124E; or for whom the resident district pays tuition under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88, subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65, shall be counted according to this subdivision.

(a) A prekindergarten pupil with a disability who is enrolled in a program approved by the commissioner and has an individualized education program is counted as the ratio of the number of hours of assessment and education service to 825 times 1.0 with a minimum average daily membership of 0.28, but not more than 1.0 pupil unit.

(b) A prekindergarten pupil who is assessed but determined not to be disabled is counted as the ratio of the number of hours of assessment service to 825 times 1.0.

~~(c) A kindergarten pupil with a disability who is enrolled in a program approved by the commissioner is counted as the ratio of the number of hours of assessment and education services required in the fiscal year by the pupil's individualized education program to 875, but not more than one.~~

~~(d)~~ (c) A prekindergarten pupil who is not included in paragraph (a) or (b) and is enrolled in an approved voluntary prekindergarten program under section 124D.151 is counted as the ratio of the number of hours of instruction to 850 times 1.0, but not more than 0.6 pupil units.

~~(e)~~ (d) A kindergarten pupil who is not included in paragraph (c) is counted as 1.0 pupil unit if the pupil is enrolled in a free all-day, every day kindergarten program available to all kindergarten pupils at the pupil's school that meets the minimum hours requirement in section 120A.41, or is counted as .55 pupil unit, if the pupil is not enrolled in a free all-day, every day kindergarten program available to all kindergarten pupils at the pupil's school.

~~(f)~~ (e) A pupil who is in any of grades 1 to 6 is counted as 1.0 pupil unit.

~~(g)~~ (f) A pupil who is in any of grades 7 to 12 is counted as 1.2 pupil units.

~~(h)~~ (g) A pupil who is in the postsecondary enrollment options program is counted as 1.2 pupil units.

~~(i) For fiscal years 2018 and 2019 only,~~ (h) A prekindergarten pupil who:

(1) is not included in paragraph (a), (b), or ~~(d)~~ (c);

(2) is enrolled in a school readiness plus program under Laws 2017, First Special Session chapter 5, article 8, section 9; and

(3) has one or more of the risk factors specified by the eligibility requirements for a school readiness plus program,

is counted as the ratio of the number of hours of instruction to 850 times 1.0, but not more than 0.6 pupil units. A pupil qualifying under this paragraph must be counted in the same manner as a voluntary prekindergarten student for all general education and other school funding formulas.

Sec. 12. Minnesota Statutes 2018, section 245C.12, is amended to read:

**245C.12 BACKGROUND STUDY; TRIBAL ORGANIZATIONS.**

Subdivision 1. **Access to data.** ~~(a)~~ For the purposes of background studies completed by tribal organizations performing licensing activities otherwise required of the commissioner under this chapter, after obtaining consent from the background study subject, tribal licensing agencies shall have access to criminal history data in the same manner as county licensing agencies and private licensing agencies under this chapter.

Subd. 2. **Adoptions; child foster care.** ~~(b)~~ Tribal organizations may contract with the commissioner to obtain background study data on individuals under tribal jurisdiction related to adoptions according to section 245C.34. Tribal organizations may also contract with the commissioner to obtain background study data on individuals under tribal jurisdiction related to child foster care according to section 245C.34.

Subd. 3. **Nursing facility.** ~~(c)~~ For the purposes of background studies completed to comply with a tribal organization's licensing requirements for individuals affiliated with a tribally licensed nursing facility, the commissioner shall obtain criminal history data from the National Criminal Records Repository in accordance with section 245C.32.

Subd. 4. **Child care.** (a) Tribal organizations may contract with the commissioner to:

(1) conduct background studies on individuals affiliated with a child care program sponsored, managed, or licensed by a tribal organization; and

(2) obtain background study data on individuals affiliated with a child care program sponsored, managed, or licensed by a tribal organization.

(b) The commissioner must include a national criminal history record check in a background study conducted under paragraph (a).

(c) A tribally affiliated child care program that does not contract with the commissioner to conduct background studies is exempt from the relevant requirements in this chapter. For a background study conducted under this subdivision to be transferable to other child care entities, the study must include all components of studies for a certified license-exempt child care center under this chapter.

Sec. 13. **[245C.125] BACKGROUND STUDY; HEAD START PROGRAMS.**

(a) Head Start programs that receive funds under section 119A.52 may contract with the commissioner to:

(1) conduct background studies on individuals affiliated with a Head Start program; and

(2) obtain background study data on individuals affiliated with a Head Start program.

(b) The commissioner must include a national criminal history record check in a background study conducted under paragraph (a).

(c) A Head Start program site that does not contract with the commissioner, is not licensed, and is not registered to receive payments under chapter 119B is exempt from the relevant requirements in this chapter. Nothing in this section supersedes requirements for background studies in this chapter or chapter 119B or 245H that relate to licensed child care programs or programs registered to receive payments under chapter 119B. For a background study conducted under this section to be transferable to other child care entities, the study must include all components of studies for a certified license-exempt child care center under this chapter.

Sec. 14. Laws 2017, First Special Session chapter 5, article 8, section 8, the effective date, is amended to read:

**EFFECTIVE DATE.** Paragraph (i) of this section ~~expires at the end of fiscal year 2019~~ does not expire.

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

Sec. 15. Laws 2017, First Special Session chapter 5, article 8, section 10, subdivision 4, is amended to read:

Subd. 4. **Early learning scholarships.** (a) For the early learning scholarship program under Minnesota Statutes, section 124D.165:

	\$70,209,000	.....	2018
	<del>\$ 70,209,000</del> <u>60,709,000</u>	.....	2019

(b) Up to \$950,000 each year is for administration of this program.

(c) \$9,500,000 of the initial appropriation in fiscal year 2019 is canceled to the state general fund.

~~(e)~~ (d) Any balance in the first year does not cancel but is available in the second year.

~~(d)~~ The base for fiscal year 2020 is \$70,709,000.

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

Sec. 16. **LEGISLATIVE REPORT ON EARLY CARE AND EDUCATION COORDINATION.**

(a) By February 15, 2020, the commissioners of education, health, and human services must jointly submit a report in accordance with Minnesota Statutes, section 3.195 to the members and staff of the legislative committees with jurisdiction over early childhood, human services, and education on the outcome of the federal Preschool Development planning grant. The report must include how the state agencies plan to enhance coordination of state programs including:

(1) child care assistance programs under Minnesota Statutes, chapter 119B;

(2) early childhood developmental screening under Minnesota Statutes, section 121A.17;

(3) early childhood family education programs under Minnesota Statutes, section 124D.13;

(4) early learning scholarships under section Minnesota Statutes, 124D.165;

(5) family home visiting programs under Minnesota Statutes, section 145A.17;

(6) Head Start and Early Head Start programs under Minnesota Statutes, sections 119A.50 to 119A.545;



(7) kindergarten readiness assessment under Minnesota Statutes, section 124D.162;

(8) school readiness programs under Minnesota Statutes, sections 124D.15 and 124D.16;

(9) voluntary prekindergarten programs under Minnesota Statutes, section 124D.151; and

(10) school readiness plus programs under Laws 2017, First Special Session chapter 5, article 8, section 9.

(b) At a minimum, the report must:

(1) review and evaluate changes to child care assistance and early learning scholarship program quality and administration, including eligibility, billing, payment, and child and family identification;

(2) identify challenges and concerns among providers and among recipients of child care assistance and early learning scholarships;

(3) consider the goals outlined in the Children's Cabinet's early childhood systems reform effort and how the strategic plan intends to meet these goals;

(4) analyze layering and duplication of funds;

(5) develop recommendations for a consolidated universal application process; and

(6) develop recommendations for the design and implementation of a universal identification system that applies to a child participating in one or more programs listed in paragraph (a).

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

Sec. 17. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **School readiness.** (a) For revenue for school readiness programs under Minnesota Statutes, sections 124D.15 and 124D.16:

<u>\$33,683,000</u>	<u>.....</u>	<u>2020</u>
<u>\$33,683,000</u>	<u>.....</u>	<u>2021</u>

(b) The 2020 appropriation includes \$3,368,000 for 2019 and \$30,315,000 for 2020.

(c) The 2021 appropriation includes \$3,368,000 for 2020 and \$30,315,000 for 2021.

Subd. 3. **Early learning scholarships.** (a) For the early learning scholarship program under Minnesota Statutes, section 124D.165:

<u>\$83,544,000</u>	<u>.....</u>	<u>2020</u>
<u>\$83,544,000</u>	<u>.....</u>	<u>2021</u>

(b) Of these amounts, \$300,000 in fiscal year 2020 and \$300,000 in fiscal year 2021 are for a transfer to the Office of MN.IT Services for a project manager to provide services for the coordination of early childhood programs.

(c) This appropriation is subject to the requirements under Minnesota Statutes, section 124D.165, subdivision 6.

(d) The base for fiscal year 2022 is \$75,534,000.

**Subd. 4. Head Start program.** For Head Start programs under Minnesota Statutes, section 119A.52:

<u>\$25,100,000</u>	<u>.....</u>	<u>2020</u>
<u>\$25,100,000</u>	<u>.....</u>	<u>2021</u>

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

<u>\$32,653,000</u>	<u>.....</u>	<u>2020</u>
<u>\$34,072,000</u>	<u>.....</u>	<u>2021</u>

(b) The 2020 appropriation includes \$3,098,000 for 2019 and \$29,555,000 for 2020.

(c) The 2021 appropriation includes \$3,283,000 for 2020 and \$30,789,000 for 2021.

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

<u>\$3,639,000</u>	<u>.....</u>	<u>2020</u>
<u>\$3,625,000</u>	<u>.....</u>	<u>2021</u>

(b) The 2020 appropriation includes \$363,000 for 2019 and \$3,276,000 for 2020.

(c) The 2021 appropriation includes \$364,000 for 2020 and \$3,261,000 for 2021.

**Subd. 7. Parent-child home program.** For a grant to the parent-child home program:

<u>\$900,000</u>	<u>.....</u>	<u>2020</u>
<u>\$900,000</u>	<u>.....</u>	<u>2021</u>

The grant must be used for an evidence-based and research-validated early childhood literacy and school readiness program for children ages 16 months to four years at its existing suburban program location. The program must include urban and rural program locations for fiscal years 2020 and 2021.

**Subd. 8. Kindergarten entrance assessment initiative and intervention program.** For the kindergarten entrance assessment initiative and intervention program under Minnesota Statutes, section 124D.162:

<u>\$281,000</u>	<u>.....</u>	<u>2020</u>
<u>\$281,000</u>	<u>.....</u>	<u>2021</u>

**Subd. 9. Quality rating and improvement system.** (a) For transfer to the commissioner of human services for the purposes of expanding the quality rating and improvement system under Minnesota Statutes, section 124D.142, in greater Minnesota and increasing supports for providers participating in the quality rating and improvement system:

<u>\$1,750,000</u>	.....	<u>2020</u>
<u>\$1,750,000</u>	.....	<u>2021</u>

(b) The amounts in paragraph (a) must be in addition to any federal funding under the child care and development block grant authorized under Public Law 101-508 in that year for the system under Minnesota Statutes, section 124D.142.

(c) Any balance in the first year does not cancel but is available in the second year.

**Subd. 10. Early childhood programs at tribal contract schools.** For early childhood family education programs at tribal contract schools under Minnesota Statutes, section 124D.83, subdivision 4:

<u>\$68,000</u>	.....	<u>2020</u>
<u>\$68,000</u>	.....	<u>2021</u>

**Subd. 11. Metro Deaf School.** (a) For a grant to Metro Deaf School to provide services to young children who have a primary disability of deaf or hard-of-hearing and who are not eligible for funding under Minnesota Statutes, section 124E.11, paragraph (h):

<u>\$100,000</u>	.....	<u>2020</u>
<u>\$100,000</u>	.....	<u>2021</u>

(b) Any balance in the first year does not cancel but is available in the second year.

**Subd. 12. Reach Out and Read Minnesota.** (a) For a grant to support Reach Out and Read Minnesota to expand a program that encourages early childhood development through a network of health care clinics, and for the purchase of culturally and developmentally appropriate books to sustain and expand the program in partnership with health clinics statewide:

<u>\$105,000</u>	.....	<u>2020</u>
<u>\$100,000</u>	.....	<u>2021</u>

(b) The grant recipient must implement a program that includes:

(1) integrating children's books and parent education into well-child visits;

(2) creating literacy-rich environments at clinics, including books for visits outside of Reach Out and Read Minnesota parameters or for waiting room use or volunteer readers to model read-aloud techniques for parents where possible;

(3) working with public health clinics, federally qualified health centers, tribal sites, community health centers, and clinics that belong to health care systems, as well as independent clinics in underserved areas; and

(4) training medical professionals on speaking with parents of infants, toddlers, and preschoolers on the importance of early literacy and numeracy.

(c) This is a onetime appropriation.

**Subd. 13. College savings account pilot program.** (a) For a matching grant to the city of St. Paul to establish a pilot program that (1) creates a college savings account for every child born to a resident of the city of St. Paul during the time period for which funds are available, and (2) performs analysis of potential establishment of a statewide program or program duplication by other cities.

<u>\$250,000</u>	.....	<u>2020</u>
<u>\$250,000</u>	.....	<u>2021</u>

(b) The city must administer the pilot program and partner with a qualified financial institution to support current and potential pilot program participants and their families. The city is the owner of an account established under this pilot program, but the beneficiary must be the individual child.

(c) The city must use the grant money to establish and fund the accounts, to provide incentives to current and potential pilot program participants and their families, and to provide outreach and education to current and potential pilot program participants and their families. The city may not use grant funds for the administrative costs of managing and operating the pilot program.

(d) By February 15, 2021, the city must submit a report on the pilot program to the commissioner of education and to the chairs, ranking minority members, and staff of the legislative committees with primary jurisdiction over early childhood and education policy and finance. At a minimum, the report must:

(1) provide a detailed review of pilot program design and features, including program requirements, funding, and outreach and education activities;

(2) identify the number of accounts created in the pilot program, including basic demographic information about account beneficiaries;

(3) provide analysis of savings program development throughout the state, which at a minimum must examine:

(i) methods for program replication in other cities; and

(ii) options, models, or frameworks for implementation on a statewide basis, including review of alternative policy approaches; and

(4) make recommendations regarding program expansion, if any, based on the analysis under clause (3).

(e) The commissioner of education must provide reasonable technical assistance as requested by the city for the analysis and recommendations under paragraph (d), clauses (3) and (4).

(f) This is a onetime appropriation. Grant money provided under this subdivision must be matched with money from nonstate sources. This appropriation is available until December 30, 2022.

(g) Any balance in the first year does not cancel but is available in the second year.

**Subd. 14. Educate parents partnership.** For the educate parents partnership under Minnesota Statutes, section 124D.129:

<u>\$49,000</u>	.....	<u>2020</u>
<u>\$49,000</u>	.....	<u>2021</u>

Subd. 15. **Home visiting aid.** (a) For home visiting aid under Minnesota Statutes, section 124D.135:

<u>\$521,000</u>	.....	<u>2020</u>
<u>\$503,000</u>	.....	<u>2021</u>

(b) The 2020 appropriation includes \$54,000 for 2019 and \$467,000 for 2020.

(c) The 2021 appropriation includes \$51,000 for 2020 and \$452,000 for 2021.

## ARTICLE 9 COMMUNITY EDUCATION AND LIFELONG LEARNING

Section 1. Minnesota Statutes 2018, section 124D.531, subdivision 1, is amended to read:

Subdivision 1. **State total adult basic education aid.** (a) The state total adult basic education aid for fiscal year ~~2011~~ 2020 equals ~~\$44,419,000~~ \$51,000,000, plus any amount that is not paid during the previous fiscal year as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3. The state total adult basic education aid for later fiscal years equals:

(1) the state total adult basic education aid for the preceding fiscal year plus any amount that is not paid for during the previous fiscal year, as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3; times

(2) the lesser of 1.03, or the greater of:

(i) ~~1.03~~ one plus the percent change in the formula allowance under section 126C.10, subdivision 2, from the previous fiscal year to the current fiscal year; or

(ii) the ~~average growth in ratio of the~~ state total contact hours ~~over the prior ten program years~~ for the previous year to the state total contact hours for the second previous year.

Three percent of the state total adult basic education aid must be set aside for adult basic education supplemental service grants under section 124D.522.

(b) The state total adult basic education aid, excluding basic population aid, equals the difference between the amount computed in paragraph (a), and the state total basic population aid under subdivision 2.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2020 and later.

Sec. 2. Minnesota Statutes 2018, section 124D.55, is amended to read:

### **124D.55 COMMISSIONER-SELECTED HIGH SCHOOL EQUIVALENCY TEST FEES.**

~~The commissioner shall pay 60 percent of the fee that is charged to an eligible individual for the full battery of the commissioner-selected high school equivalency tests, but not more than \$40 for an eligible individual.~~

~~For fiscal year 2017 only.~~ The commissioner shall pay 100 percent of the fee charged to an eligible individual for the full battery of ~~general education development (GED)~~ the commissioner-selected high school equivalency tests, but not more than the cost of one full battery of tests per year for any individual.

Sec. 3. Minnesota Statutes 2018, section 124D.99, subdivision 3, is amended to read:

Subd. 3. **Administration; design.** (a) The commissioner shall establish program requirements, an application process and timeline for each tier of grants specified in subdivision 4, criteria for evaluation of applications, and a grant awards process. The commissioner's process must minimize administrative costs, minimize burdens for applicants and grant recipients, and provide a framework that permits flexibility in program design and implementation among grant recipients.

(b) To the extent practicable, the commissioner shall design the program to align with programs implemented or proposed by organizations in Minnesota that:

(1) identify and increase the capacity of organizations that are focused on achieving data-driven, locally controlled positive outcomes for children and youth throughout an entire neighborhood or geographic area through programs such as Strive Together, Promise Neighborhood, and the Education Partnerships Coalition members;

(2) build a continuum of educational family and community supports with academically rigorous schools at the center;

(3) maximize program efficiencies by integrating programmatic activities and eliminating administrative barriers;

(4) develop local infrastructure needed to sustain and scale up proven and effective solutions beyond the initial neighborhood or geographic area; ~~and~~

(5) utilize appropriate outcome measures based on unique community needs and interests and apply rigorous evaluation on a periodic basis to be used to both monitor outcomes and allow for continuous improvements to systems;

(6) collect and utilize data to improve student outcomes;

(7) share disaggregated performance data with the community to set community-level outcomes;

(8) employ continuous improvement processes;

(9) have a tribal entity, community foundation, higher education institution, or community-based organization as an anchor entity managing the partnership;

(10) convene a cross-sector leadership group and have a documented accountability structure; and

(11) demonstrate use of nonstate funds, from multiple sources, including in-kind contributions.

(c) A grant recipient's supportive services programming must address:

(1) kindergarten readiness and youth development;

(2) grade 3 reading proficiency;

(3) middle school mathematics;

(4) high school graduation;

~~(4)~~ (5) postsecondary educational ~~attainment~~ enrollment;

(6) postsecondary education completion or attainment;

~~(5)~~ (7) physical and mental health;

~~(6)~~ (8) development of career skills and readiness;

~~(7)~~ (9) parental engagement and development;

~~(8)~~ (10) community engagement and programmatic alignment; and

~~(9)~~ (11) reduction of remedial education.

(d) The commissioner, in consultation with grant recipients, must:

(1) develop and revise core indicators of progress toward outcomes specifying impacts for each tier identified under subdivision 4;

(2) establish a reporting system for grant recipients to measure program outcomes using data sources and program goals; and

(3) evaluate effectiveness based on the core indicators established by each partnership for each tier.

#### Sec. 4. **APPROPRIATIONS.**

**Subdivision 1. Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated. Any balances in the first year do not cancel but are available in the second year.

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

<u>\$330,000</u>	<u>.....</u>	<u>2020</u>
<u>\$257,000</u>	<u>.....</u>	<u>2021</u>

The 2020 appropriation includes \$40,000 for 2019 and \$290,000 for 2020.

The 2021 appropriation includes \$32,000 for 2020 and \$225,000 for 2021.

**Subd. 3. Adults with disabilities program aid.** For adults with disabilities programs under Minnesota Statutes, section 124D.56:

<u>\$710,000</u>	<u>.....</u>	<u>2020</u>
<u>\$710,000</u>	<u>.....</u>	<u>2021</u>

The 2020 appropriation includes \$71,000 for 2019 and \$639,000 for 2020.

The 2021 appropriation includes \$71,000 for 2020 and \$639,000 for 2021.

Subd. 4. **Hearing-impaired adults.** For programs for hearing-impaired adults under Minnesota Statutes, section 124D.57:

<u>\$70,000</u>	.....	<u>2020</u>
<u>\$70,000</u>	.....	<u>2021</u>

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

<u>\$1,000</u>	.....	<u>2020</u>
<u>\$1,000</u>	.....	<u>2021</u>

The 2020 appropriation includes \$0 for 2019 and \$1,000 for 2020.

The 2021 appropriation includes \$0 for 2020 and \$1,000 for 2021.

Subd. 6. **Tier 1 grants.** (a) For education partnership program Tier 1 sustaining grants under Minnesota Statutes, section 124D.99:

<u>\$2,970,000</u>	.....	<u>2020</u>
<u>\$2,970,000</u>	.....	<u>2021</u>

(b) Of the amounts in paragraph (a), \$1,485,000 each year is for the Northside Achievement Zone and \$1,485,000 each year is for the St. Paul Promise Neighborhood.

(c) The base for fiscal year 2022 is \$2,970,000.

(d) Any balance in the first year does not cancel but is available in the second year.

Subd. 7. **Tier 2 implementing grants.** (a) For Tier 2 implementing grants under Minnesota Statutes, section 124D.99:

<u>\$1,100,000</u>	.....	<u>2020</u>
<u>\$1,100,000</u>	.....	<u>2021</u>

(b) Of the amounts in paragraph (a), \$185,000 each year is for the Northfield Healthy Community Initiative in Northfield; \$185,000 is for the Jones Family Foundation for the Every Hand Joined program in Red Wing; \$185,000 is for the United Way of Central Minnesota for the Partners for Student Success program; \$185,000 is for Austin Aspires; \$185,000 is for the Rochester Area Foundation for the Cradle to Career program; and \$185,000 is for Generation Next.

(c) The base for fiscal year 2022 is \$1,100,000. The base includes \$185,000 each year for each of the following programs: the Northfield Healthy Community Initiative, the Every Hand Joined program, the Partners for Student Success program, Austin Aspires, the Cradle to Career program, and Generation Next.

(d) Any balance in the first year does not cancel but is available in the second year.

Subd. 8. **Adult basic education aid.** For adult basic education aid under Minnesota Statutes, section 124D.531:

<u>\$51,906,000</u>	.....	<u>2020</u>
<u>\$53,620,000</u>	.....	<u>2021</u>

The 2020 appropriation includes \$4,868,000 for 2019 and \$47,038,000 for 2020.

The 2021 appropriation includes \$5,226,000 for 2020 and \$48,394,000 for 2021.



Subd. 9. **High school equivalency tests.** (a) For payment of the costs of the commissioner-selected high school equivalency tests under Minnesota Statutes, section 124D.55:

<u>\$245,000</u>	<u>.....</u>	<u>2020</u>
<u>\$245,000</u>	<u>.....</u>	<u>2021</u>

(b) Any balance in the first year does not cancel but is available in the second year.

## ARTICLE 10 STATE AGENCIES

Section 1. Minnesota Statutes 2018, section 120B.122, subdivision 1, is amended to read:

Subdivision 1. **Purpose Duties.** (a) The department must employ a dyslexia specialist to provide technical assistance for dyslexia and related disorders and to serve as the primary source of information and support for schools in addressing the needs of students with dyslexia and related disorders.

(b) The dyslexia specialist ~~shall also act to~~ must increase professional awareness and instructional competencies to meet the educational needs of students with dyslexia or identified with risk characteristics associated with dyslexia and ~~shall~~ must develop implementation guidance and make recommendations to the commissioner consistent with section 122A.06, subdivision 4, to be used to assist general education teachers and special education teachers to recognize educational needs and to improve literacy outcomes for students with dyslexia or identified with risk characteristics associated with dyslexia, including recommendations related to increasing the availability of online and asynchronous professional development programs and materials.

(c) The dyslexia specialist must provide guidance to school districts and charter schools on how to:

(1) access tools to screen and identify students showing characteristics associated with dyslexia in accordance with section 120B.12, subdivision 2, paragraph (a);

(2) implement screening for characteristics associated with dyslexia in accordance with section 120B.12, subdivision 2, paragraph (a), and in coordination with other early childhood screenings; and

(3) participate in professional development opportunities pertaining to intervention strategies and accommodations for students with dyslexia or characteristics associated with dyslexia.

(d) The dyslexia specialist must provide guidance to the Professional Educator Licensing and Standards Board on developing licensing renewal requirements under section 122A.187, subdivision 5, on understanding dyslexia, recognizing dyslexia characteristics in students, and using evidence-based best practices.

(e) Nothing in this subdivision limits the ability of the dyslexia specialist to do other dyslexia related work as directed by the commissioner.

Sec. 2. Minnesota Statutes 2018, section 122A.14, subdivision 9, is amended to read:

Subd. 9. **Fee.** Each person licensed by the Board of School Administrators shall pay the board a fee of ~~\$75~~ \$100, collected each fiscal year. When transmitting notice of the license fee, the board also must notify the licensee of the penalty for failing to pay the fee within the time specified by the board. The board may provide a lower fee for persons on retired or inactive status. After receiving notice from the board, any licensed school administrator who does not pay the fee in the given fiscal year shall have all administrative licenses held by the person automatically suspended, without the right to a hearing, until the fee has been paid to the board. If the board

suspends a licensed school administrator for failing to pay the fee, it must immediately notify the district currently employing the school administrator of the school administrator's suspension. The executive ~~secretary~~ director shall deposit the fees in the ~~educator administrator~~ licensure account in the special revenue fund in the state treasury.

**EFFECTIVE DATE.** This section is effective for licenses issued or renewed on or after July 1, 2019.

Sec. 3. **[122A.145] SPECIAL REVENUE FUND ACCOUNTS; ADMINISTRATOR LICENSURE.**

An administrator licensure account is created in the special revenue fund. Fees received by the Board of School Administrators under section 122A.14, subdivision 9, and Minnesota Rules, chapter 3512, must be deposited in the administrator licensure account.

**EFFECTIVE DATE.** This section is effective July 1, 2019.

Sec. 4. Minnesota Statutes 2018, section 122A.175, subdivision 1, is amended to read:

Subdivision 1. **Educator licensure account.** An educator licensure account is created in the special revenue fund. Applicant licensure fees received by the Department of Education, or the Professional Educator Licensing and Standards Board, ~~or the Board of School Administrators~~ must be deposited in the educator licensure account. ~~Any funds appropriated from this account that remain unexpended at the end of the biennium cancel to the educator licensure account in the special revenue fund.~~

**EFFECTIVE DATE.** This section is effective July 1, 2019.

Sec. 5. Minnesota Statutes 2018, section 127A.052, is amended to read:

**127A.052 SCHOOL SAFETY CLIMATE TECHNICAL ASSISTANCE CENTER.**

(a) The commissioner shall establish a school ~~safety~~ climate technical assistance center at the department to help districts and schools under section 121A.031 provide a safe and supportive learning environment and foster academic achievement for all students by focusing on prevention, intervention, support, and recovery efforts to develop and maintain safe and supportive schools. The center must work collaboratively with implicated state agencies identified by the center and schools, communities, and interested individuals and organizations to determine how to best use available resources.

(b) The center's services shall include:

- (1) evidence-based policy review, development, and dissemination;
- (2) single, point-of-contact services designed for schools, parents, and students seeking information or other help;
- (3) qualitative and quantitative data gathering, interpretation, and dissemination of summary data for existing reporting systems and student surveys and the identification and pursuit of emerging trends and issues;
- (4) assistance to districts and schools in using Minnesota student survey results to inform intervention and prevention programs;
- (5) education and skill building;
- (6) multisector and multiagency planning and advisory activities incorporating best practices and research; and

(7) administrative and financial support for school and district planning, schools recovering from incidents of violence, and school and district violence prevention education.

(c) The center shall:

(1) compile and make available to all districts and schools evidence-based elements and resources to develop and maintain safe and supportive schools;

(2) establish and maintain a central repository for collecting and analyzing information about prohibited conduct under section 121A.031, including, but not limited to:

(i) training materials on strategies and techniques to prevent and appropriately address prohibited conduct under section 121A.031;

(ii) model programming;

(iii) remedial responses consistent with section 121A.031, subdivision 2, paragraph (i); and

(iv) other resources for improving the school climate and preventing prohibited conduct under section 121A.031;

(3) assist districts and schools to develop strategies and techniques for effectively communicating with and engaging parents in efforts to protect and deter students from prohibited conduct under section 121A.031; and

(4) solicit input from social media experts on implementing this section.

(d) The commissioner shall provide administrative services including personnel, budget, payroll and contract services, and staff support for center activities including developing and disseminating materials, providing seminars, and developing and maintaining a website. Center staff shall include a center director, a data analyst coordinator, and trainers who provide training to affected state and local organizations under a fee-for-service agreement. The financial, administrative, and staff support the commissioner provides under this section must be based on an annual budget and work program developed by the center and submitted to the commissioner by the center director.

(e) School ~~safety~~ climate technical assistance center staff may consult with school safety center staff at the Department of Public Safety in providing services under this section.

(f) The center is voluntary and advisory. The center does not have enforcement, rulemaking, oversight, or regulatory authority.

~~(g) The center expires on June 30, 2019.~~

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

Sec. 6. Laws 2017, First Special Session chapter 5, article 11, section 9, subdivision 2, is amended to read:

Subd. 2. **Department.** (a) For the Department of Education:

\$27,158,000	.....	2018
\$ <del>24,874,000</del> <u>22,874,000</u>	.....	2019

Of these amounts:

(1) \$231,000 each year is for the Board of School Administrators, and beginning in fiscal year 2020, the amount indicated is from the educator licensure account in the special revenue fund;

(2) \$1,000,000 each year is for regional centers of excellence under Minnesota Statutes, section 120B.115;

(3) \$500,000 each year is for the school safety technical assistance center under Minnesota Statutes, section 127A.052;

(4) \$250,000 each year is for the School Finance Division to enhance financial data analysis;

(5) \$720,000 each year is for implementing Minnesota's Learning for English Academic Proficiency and Success Act under Laws 2014, chapter 272, article 1, as amended;

(6) \$2,750,000 in fiscal year 2018 and \$500,000 in fiscal year 2019 are for the Department of Education's mainframe update;

(7) \$123,000 each year is for a dyslexia specialist; and

(8) \$2,000,000 ~~each year in fiscal year 2018~~ is for legal fees and costs associated with litigation.

(b) Any balance in the first year does not cancel but is available in the second year.

(c) None of the amounts appropriated under this subdivision may be used for Minnesota's Washington, D.C. office.

(d) The expenditures of federal grants and aids as shown in the biennial budget document and its supplements are approved and appropriated and shall be spent as indicated.

(e) This appropriation includes funds for information technology project services and support subject to the provisions of Minnesota Statutes, section 16E.0466. Any ongoing information technology costs will be incorporated into the service level agreement and will be paid to the Office of MN.IT Services by the Department of Education under the rates and mechanism specified in that agreement.

~~(f) The agency's base is \$22,054,000 for fiscal year 2020 and \$21,965,000 for 2021.~~

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

Sec. 7. **APPROPRIATIONS; DEPARTMENT OF EDUCATION.**

Subdivision 1. Department of Education. Unless otherwise indicated, the sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated. Any balance in the first year does not cancel but is available in the second year.

Subd. 2. Department. (a) For the Department of Education:

<u>\$31,778,000</u>	.....	<u>2020</u>
<u>\$28,382,000</u>	.....	<u>2021</u>

Of these amounts:

(1) \$2,000,000 in fiscal year 2020 and \$3,000,000 in fiscal year 2021 and later are for regional centers of excellence under Minnesota Statutes, section 120B.115;

(2) \$250,000 each year is for the School Finance Division to enhance financial data analysis;

(3) \$720,000 each year is for implementing Minnesota's Learning for English Academic Proficiency and Success Act under Laws 2014, chapter 272, article 1, as amended;

(4) \$123,000 each year is for a dyslexia specialist;

(5) \$4,700,000 in fiscal year 2020 is for legal fees and costs associated with litigation;

(6) \$400,000 in fiscal year 2020 and \$480,000 in fiscal year 2021 and later are for the Department of Education's mainframe update;

(7) \$171,000 in fiscal year 2020 and \$174,000 in fiscal year 2021 and later are to fund a Second Chance Agency director;

(8) \$406,000 in fiscal year 2020 and \$288,000 in fiscal year 2021 and later are for a maltreatment investigations program;

(9) \$822,000 each year is for the IT program and data integration;

(10) \$140,000 each year is for the turnaround arts program;

(11) \$222,000 in fiscal year 2020 and \$226,000 in fiscal year 2021 and later are for data analytics; and

(12) \$140,000 each year is to conduct stakeholder engagement and draft a plan to increase the number of national board certified teachers in Minnesota.

(b) None of the amounts appropriated under this subdivision may be used for Minnesota's Washington, D. C. office.

(c) The expenditures of federal grants and aids as shown in the biennial budget document and its supplements are approved and appropriated and shall be spent as indicated.

(d) This appropriation includes funds for information technology project services and support subject to the provisions of Minnesota Statutes, section 16E.0466. Any ongoing information technology costs will be incorporated into the service level agreement and will be paid to the Office of MN.IT Services by the Department of Education under the rates and mechanism specified in that agreement.

(e) Any balance in the first year does not cancel but is available in the second year.

(f) To account for the base adjustments provided in Laws 2018, chapter 211, article 21, section 1, paragraph (a), and section 3, paragraph (a), the base for fiscal year 2022 is \$28,402,000. The base for fiscal year 2023 is \$28,422,000.

Sec. 8. **APPROPRIATIONS; MINNESOTA STATE ACADEMIES.**

(a) The sums indicated in this section are appropriated from the general fund to the Minnesota State Academies for the Deaf and the Blind for the fiscal years designated:

<u>\$14,966,000</u>	<u>.....</u>	<u>2020</u>
<u>\$14,872,000</u>	<u>.....</u>	<u>2021</u>

(b) Any balance in the first year does not cancel but is available in the second year.

(c) Of the amounts in paragraph (a), \$650,000 in fiscal year 2020 and \$505,000 in fiscal year 2021 are for information technology improvements.

(d) To account for the base adjustments provided in Laws 2018, chapter 211, article 21, section 1, paragraph (a), and section 3, paragraph (b), the base for fiscal year 2022 is \$14,879,000. The base for fiscal year 2023 is \$14,886,000.

Sec. 9. **APPROPRIATIONS; PERPICH CENTER FOR ARTS EDUCATION.**

(a) The sums in this section are appropriated from the general fund to the Perpich Center for Arts Education for the fiscal years designated:

<u>\$8,172,000</u>	<u>.....</u>	<u>2020</u>
<u>\$7,663,000</u>	<u>.....</u>	<u>2021</u>

(b) Any balance in the first year does not cancel but is available in the second year.

(c) Of the amounts in paragraph (a), \$960,000 in fiscal year 2020 and \$380,000 in fiscal year 2021 are for information technology improvements. \$340,000 is included in the base for fiscal year 2022, and \$285,000 is included in the base for fiscal year 2023 for this purpose.

(d) To account for onetime technology initiatives and for the base adjustments provided in Laws 2018, chapter 211, article 21, section 1, paragraph (a), and section 3, paragraph (c), the base for fiscal year 2022 is \$7,628,000. The base for fiscal year 2023 is \$7,579,000.

Sec. 10. **APPROPRIATIONS; BOARD OF SCHOOL ADMINISTRATORS.**

(a) The sums indicated in this section are appropriated from the administrator licensure account in the special revenue fund to the Board of School Administrators:

<u>\$347,000</u>	<u>.....</u>	<u>2020</u>
<u>\$347,000</u>	<u>.....</u>	<u>2021</u>

(b) For fiscal year 2020 only, if the amount in the administrator licensure account is insufficient, the remainder of the appropriation must be made from the general fund.

(c) Any balance in the first year does not cancel but is available in the second year.

(d) The base for fiscal year 2022 is \$347,000.

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

Sec. 11. **APPROPRIATIONS; PROFESSIONAL EDUCATOR LICENSING AND STANDARDS BOARD.**

**Subdivision 1. Professional Educator Licensing and Standards Board.** (a) The sums indicated in this section are appropriated from the educator licensure account in the special revenue fund to the Professional Educator Licensing and Standards Board for the fiscal years designated:

<u>\$2,744,000</u>	<u>.....</u>	<u>2020</u>
<u>\$2,719,000</u>	<u>.....</u>	<u>2021</u>

(b) This appropriation includes funds for information technology project services and support subject to Minnesota Statutes, section 16E.0466. Any ongoing information technology costs will be incorporated into an interagency agreement and will be paid to the Office of MN.IT Services by the Professional Educator Licensing and Standards Board under the mechanism specified in that agreement.

(c) Any balance in the first year does not cancel but is available in the second year.

(d) If the amount in the educator licensure account is insufficient, the remainder of the appropriation must be made from the general fund.

(e) The base for fiscal year 2022 and later is \$2,719,000.

Subd. 2. **Licensure by portfolio.** For licensure by portfolio:

<u>\$34,000</u>	<u>.....</u>	<u>2020</u>
<u>\$34,000</u>	<u>.....</u>	<u>2021</u>

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

Sec. 12. **REVISOR INSTRUCTION.**

(a) The revisor of statutes shall substitute the term "School Climate Technical Assistance Center" for "School Safety Technical Assistance Center" wherever the term appears in Minnesota Statutes.

(b) The revisor of statutes shall substitute the term "School Climate Technical Assistance Council" for "School Safety Technical Assistance Council" wherever the term appears in Minnesota Statutes.

Sec. 13. **REPEALER.**

Minnesota Statutes 2018, section 127A.051, subdivision 7, is repealed.

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

ARTICLE 11  
FORECAST ADJUSTMENTS

A. GENERAL EDUCATION

Section 1. Laws 2017, First Special Session chapter 5, article 1, section 19, subdivision 2, is amended to read:

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

\$7,032,051,000	.....	2018
\$ <del>7,227,809,000</del> <u>7,253,606,000</u>	.....	2019

The 2018 appropriation includes \$686,828,000 for 2017 and \$6,345,223,000 for 2018.

The 2019 appropriation includes \$705,024,000 for 2018 and ~~\$6,522,785,000~~ \$6,548,582,000 for 2019.

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

Sec. 2. Laws 2017, First Special Session chapter 5, article 1, section 19, subdivision 3, is amended to read:

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

\$29,000	.....	2018
\$ <del>31,000</del> <u>22,000</u>	.....	2019

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

Sec. 3. Laws 2017, First Special Session chapter 5, article 1, section 19, subdivision 4, is amended to read:

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

\$2,374,000	.....	2018
\$ <del>2,163,000</del> <u>2,939,000</u>	.....	2019

The 2018 appropriation includes \$262,000 for 2017 and \$2,112,000 for 2018.

The 2019 appropriation includes ~~\$234,000~~ \$468,000 for 2018 and ~~\$1,929,000~~ \$2,471,000 for 2019.

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

Sec. 4. Laws 2017, First Special Session chapter 5, article 1, section 19, subdivision 5, is amended to read:

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

\$185,000	.....	2018
\$ <del>382,000</del> <u>20,000</u>	.....	2019

The 2018 appropriation includes \$0 for 2017 and \$185,000 for 2018.

The 2019 appropriation includes \$20,000 for 2018 and ~~\$362,000~~ \$0 for 2019.

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



Sec. 5. Laws 2017, First Special Session chapter 5, article 1, section 19, subdivision 6, is amended to read:

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

\$18,197,000	.....	2018
\$ <del>19,225,000</del> <u>18,093,000</u>	.....	2019

The 2018 appropriation includes \$1,687,000 for 2017 and \$16,510,000 for 2018.

The 2019 appropriation includes \$1,834,000 for 2018 and ~~\$17,391,000~~ \$16,259,000 for 2019.

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

Sec. 6. Laws 2017, First Special Session chapter 5, article 1, section 19, subdivision 7, is amended to read:

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

\$18,372,000	.....	2018
\$ <del>18,541,000</del> <u>19,492,000</u>	.....	2019

The 2018 appropriation includes \$1,835,000 for 2017 and \$16,537,000 for 2018.

The 2019 appropriation includes \$1,837,000 for 2018 and ~~\$16,704,000~~ \$17,655,000 for 2019.

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

Sec. 7. Laws 2017, First Special Session chapter 5, article 1, section 19, subdivision 9, is amended to read:

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

\$4,561,000	.....	2018
\$ <del>4,125,000</del> <u>4,260,000</u>	.....	2019

The 2018 appropriation includes \$476,000 for 2017 and \$4,085,000 for 2018.

The 2019 appropriation includes \$453,000 for 2018 and ~~\$3,672,000~~ \$3,807,000 for 2019.

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

## B. EDUCATION EXCELLENCE

Sec. 8. Laws 2017, First Special Session chapter 5, article 2, section 57, subdivision 2, is amended to read:

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

\$71,249,000	.....	2018
\$ <del>73,267,000</del> <u>70,980,000</u>	.....	2019

The 2018 appropriation includes \$6,725,000 for 2017 and \$64,524,000 for 2018.

The 2019 appropriation includes \$7,169,000 for 2018 and ~~\$66,098,000~~ \$63,811,000 for 2019.

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

Sec. 9. Laws 2017, First Special Session chapter 5, article 2, section 57, subdivision 3, is amended to read:

Subd. 3. **Literacy incentive aid.** For literacy incentive aid under Minnesota Statutes, section 124D.98:

\$47,264,000	.....	2018
\$ <del>47,763,000</del> <u>45,987,000</u>	.....	2019

The 2018 appropriation includes \$4,597,000 for 2017 and \$42,667,000 for 2018.

The 2019 appropriation includes \$4,740,000 for 2018 and ~~\$43,023,000~~ \$41,247,000 for 2019.

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

Sec. 10. Laws 2017, First Special Session chapter 5, article 2, section 57, subdivision 4, is amended to read:

Subd. 4. **Interdistrict desegregation or integration transportation grants.** For interdistrict desegregation or integration transportation grants under Minnesota Statutes, section 124D.87:

\$13,337,000	.....	2018
\$ <del>14,075,000</del> <u>13,193,000</u>	.....	2019

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

Sec. 11. Laws 2017, First Special Session chapter 5, article 2, section 57, subdivision 5, is amended to read:

Subd. 5. **Tribal contract schools.** For tribal contract school aid under Minnesota Statutes, section 124D.83:

\$3,623,000	.....	2018
\$ <del>4,018,000</del> <u>3,059,000</u>	.....	2019

The 2018 appropriation includes \$323,000 for 2017 and \$3,300,000 for 2018.

The 2019 appropriation includes \$366,000 for 2018 and ~~\$3,652,000~~ \$2,693,000 for 2019.

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

Sec. 12. Laws 2017, First Special Session chapter 5, article 2, section 57, subdivision 6, is amended to read:

Subd. 6. **American Indian education aid.** For American Indian education aid under Minnesota Statutes, section 124D.81, subdivision 2a:

\$9,244,000	.....	2018
\$ <del>9,464,000</del> <u>9,573,000</u>	.....	2019

The 2018 appropriation includes \$886,000 for 2017 and \$8,358,000 for 2018.

The 2019 appropriation includes \$928,000 for 2018 and ~~\$8,536,000~~ \$8,645,000 for 2019.

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

Sec. 13. Laws 2017, First Special Session chapter 5, article 2, section 57, subdivision 21, is amended to read:

Subd. 21. **Charter school building lease aid.** For building lease aid under Minnesota Statutes, section 124E.22:

\$73,341,000	.....	2018
\$ <del>78,802,000</del> <u>79,646,000</u>	.....	2019

The 2018 appropriation includes \$6,850,000 for 2017 and \$66,491,000 for 2018.

The 2019 appropriation includes ~~\$7,387,000~~ \$7,448,000 for 2018 and ~~\$71,415,000~~ \$72,198,000 for 2019.

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

Sec. 14. Laws 2017, First Special Session chapter 5, article 2, section 57, subdivision 26, is amended to read:

Subd. 26. **Alternative teacher compensation aid.** For alternative teacher compensation aid under Minnesota Statutes, section 122A.415, subdivision 4:

\$89,863,000	.....	2018
\$ <del>89,623,000</del> <u>89,783,000</u>	.....	2019

The 2018 appropriation includes \$8,917,000 for 2017 and \$80,946,000 for 2018.

The 2019 appropriation includes ~~\$8,994,000~~ \$9,015,000 for 2018 and ~~\$80,629,000~~ \$80,768,000 for 2019.

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

#### C. SPECIAL EDUCATION

Sec. 15. Laws 2017, First Special Session chapter 5, article 4, section 12, subdivision 2, as amended by Laws 2017, First Special Session chapter 7, section 12, is amended to read:

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

\$1,341,161,000	.....	2018
\$ <del>1,426,827,000</del> <u>1,513,013,000</u>	.....	2019

The 2018 appropriation includes \$156,403,000 for 2017 and \$1,184,758,000 for 2018.

The 2019 appropriation includes ~~\$166,667,000~~ \$204,145,000 for 2018 and ~~\$1,260,160,000~~ \$1,308,868,000 for 2019.

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

Sec. 16. Laws 2017, First Special Session chapter 5, article 4, section 12, subdivision 3, is amended to read:

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

\$1,597,000	.....	2018
\$ <del>1,830,000</del> <u>1,217,000</u>	.....	2019

If the appropriation for either year is insufficient, the appropriation for the other year is available.

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

Sec. 17. Laws 2017, First Special Session chapter 5, article 4, section 12, subdivision 4, is amended to read:

Subd. 4. **Travel for home-based services.** For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

\$508,000	.....	2018
\$ <del>532,000</del> <u>417,000</u>	.....	2019

The 2018 appropriation includes \$48,000 for 2017 and \$460,000 for 2018.

The 2019 appropriation includes \$51,000 for 2018 and ~~\$481,000~~ \$366,000 for 2019.

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

Sec. 18. Laws 2017, First Special Session chapter 5, article 4, section 12, subdivision 5, is amended to read:

Subd. 5. **Court-placed special education revenue.** For reimbursing serving school districts for unreimbursed eligible expenditures attributable to children placed in the serving school district by court action under Minnesota Statutes, section 125A.79, subdivision 4:

\$46,000	.....	2018
\$ <del>47,000</del> <u>30,000</u>	.....	2019

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

## D. FACILITIES AND TECHNOLOGY

Sec. 19. Laws 2017, First Special Session chapter 5, article 5, section 14, subdivision 2, is amended to read:

Subd. 2. **Debt service equalization aid.** For debt service equalization aid under Minnesota Statutes, section 123B.53, subdivision 6:

\$24,908,000	.....	2018
<del>\$ 22,360,000</del> <u>23,137,000</u>	.....	2019

The 2018 appropriation includes \$2,324,000 for 2017 and \$22,584,000 for 2018.

The 2019 appropriation includes \$2,509,000 for 2018 and ~~\$19,851,000~~ \$20,628,000 for 2019.

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

Sec. 20. Laws 2017, First Special Session chapter 5, article 5, section 14, subdivision 3, is amended to read:

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

\$80,179,000	.....	2018
<del>\$ 103,460,000</del> <u>102,823,000</u>	.....	2019

The 2018 appropriation includes \$5,815,000 for 2017 and \$74,364,000 for 2018.

The 2019 appropriation includes ~~\$8,262,000~~ \$8,645,000 for 2018 and ~~\$95,198,000~~ \$94,178,000 for 2019.

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

## E. NUTRITION

Sec. 21. Laws 2017, First Special Session chapter 5, article 6, section 3, subdivision 2, is amended to read:

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

\$16,721,000	.....	2018
<del>\$ 17,223,000</del> <u>15,990,000</u>	.....	2019

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

Sec. 22. Laws 2017, First Special Session chapter 5, article 6, section 3, subdivision 3, is amended to read:

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

\$10,601,000	.....	2018
<del>\$ 11,359,000</del> <u>10,660,000</u>	.....	2019

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

Sec. 23. Laws 2017, First Special Session chapter 5, article 6, section 3, subdivision 4, is amended to read:

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

\$758,000	.....	2018
\$ <del>758,000</del> <u>691,000</u>	.....	2019

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

#### F. EARLY CHILDHOOD AND FAMILY SUPPORT

Sec. 24. Laws 2017, First Special Session chapter 5, article 8, section 10, subdivision 3, is amended to read:

Subd. 3. **Mixed delivery prekindergarten programs.** (a) For mixed delivery prekindergarten programs and school readiness plus programs:

\$21,429,000	.....	2018
\$ <del>28,571,000</del> <u>2,381,000</u>	.....	2019

(b) The fiscal year 2018 appropriation includes \$0 for 2017 and \$21,429,000 for 2018.

(c) The fiscal year 2019 appropriation includes \$2,381,000 for 2018 and ~~\$26,190,000~~ \$0 for 2019.

(d) The commissioner must proportionately allocate the amounts appropriated in this subdivision among each education funding program affected by the enrollment of mixed delivery system prekindergarten pupils.

(e) The appropriation under this subdivision is reduced by any other amounts specifically appropriated for those purposes.

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

Sec. 25. Laws 2017, First Special Session chapter 5, article 8, section 10, subdivision 5a, is amended to read:

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

\$30,405,000	.....	2018
\$ <del>31,977,000</del> <u>30,942,000</u>	.....	2019

The 2018 appropriation includes \$2,904,000 for 2017 and \$27,501,000 for 2018.

The 2019 appropriation includes \$3,055,000 for 2018 and ~~\$28,922,000~~ \$27,887,000 for 2019.

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

Sec. 26. Laws 2017, First Special Session chapter 5, article 8, section 10, subdivision 6, is amended to read:

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

	\$3,606,000	.....	2018
\$ <del>3,629,000</del>	<u>3,632,000</u>	.....	2019

The 2018 appropriation includes \$358,000 for 2017 and \$3,248,000 for 2018.

The 2019 appropriation includes \$360,000 for 2018 and ~~\$3,269,000~~ \$3,272,000 for 2019.

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

Sec. 27. Laws 2017, First Special Session chapter 5, article 8, section 10, subdivision 12, is amended to read:

Subd. 12. **Home visiting aid.** For home visiting aid under Minnesota Statutes, section 124D.135:

	\$527,000	.....	2018
\$ <del>571,000</del>	<u>553,000</u>	.....	2019

The 2018 appropriation includes \$0 for 2017 and \$527,000 for 2018.

The 2019 appropriation includes \$58,000 for 2018 and ~~\$513,000~~ \$495,000 for 2019.

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

#### G. COMMUNITY EDUCATION AND PREVENTION

Sec. 28. Laws 2017, First Special Session chapter 5, article 9, section 2, subdivision 2, is amended to read:

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

	\$483,000	.....	2018
\$ <del>393,000</del>	<u>410,000</u>	.....	2019

The 2018 appropriation includes \$53,000 for 2017 and \$430,000 for 2018.

The 2019 appropriation includes \$47,000 for 2018 and ~~\$346,000~~ \$363,000 for 2019.

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

#### H. SELF-SUFFICIENCY AND LIFELONG LEARNING

Sec. 29. Laws 2017, First Special Session chapter 5, article 10, section 6, subdivision 2, is amended to read:

Subd. 2. **Adult basic education aid.** For adult basic education aid under Minnesota Statutes, section 124D.531:

	\$50,010,000	.....	2018
\$ <del>51,497,000</del>	<u>48,831,000</u>	.....	2019

The 2018 appropriation includes \$4,881,000 for 2017 and \$45,129,000 for 2018.

The 2019 appropriation includes \$5,014,000 for 2018 and ~~\$46,483,000~~ \$43,817,000 for 2019.

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

Sec. 30. Laws 2018, chapter 211, article 21, section 4, is amended to read:

**Sec. 4. EDUCATION APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated are appropriated from the general fund to the Department of Education for the fiscal years designated. These sums are in addition to appropriations made for the same purpose in any other law.

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

\$ <del>10,863,000</del> 0	. . . . .	2019
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The 2019 appropriation includes \$0 for 2018 and ~~\$10,863,000~~ \$0 for 2019."

Delete the title and insert:

"A bill for an act relating to education finance; modifying provisions for prekindergarten through grade 12 including general education, education excellence, teachers, special education, health and safety, facilities, fund transfers, accounting, nutrition, libraries, early childhood, community education, lifelong learning, and state agencies; making technical changes; making forecast adjustments; requiring reports; appropriating money; amending Minnesota Statutes 2018, sections 5A.03, subdivision 2; 16A.152, subdivisions 1b, 2; 120A.20, subdivision 2; 120A.22, subdivisions 5, 6, 11; 120A.24, subdivision 1; 120A.35; 120A.40; 120B.11, subdivisions 2, 3; 120B.12, subdivision 2; 120B.122, subdivision 1; 120B.21; 120B.30, subdivisions 1, 1a; 120B.35, subdivision 3; 120B.36, subdivision 1; 121A.22, subdivision 1, by adding a subdivision; 121A.335, subdivisions 3, 5; 121A.41, by adding subdivisions; 121A.45, subdivisions 1, 2; 121A.46, by adding subdivisions; 121A.47, subdivisions 2, 14; 121A.53, subdivision 1; 121A.55; 122A.06, subdivisions 2, 5, 7, 8; 122A.07, subdivisions 1, 2, 4a, by adding a subdivision; 122A.09, subdivision 9; 122A.091, subdivision 1; 122A.092, subdivisions 5, 6; 122A.14, subdivision 9; 122A.17; 122A.175, subdivisions 1, 2; 122A.18, subdivisions 7c, 8, 10; 122A.181, subdivisions 3, 4, 5; 122A.182, subdivisions 1, 3, 4; 122A.183, subdivisions 2, 4; 122A.184, subdivisions 1, 3; 122A.185, subdivision 1; 122A.187, subdivision 3, by adding subdivisions; 122A.19, subdivision 4; 122A.20, subdivisions 1, 2; 122A.21; 122A.22; 122A.26, subdivision 2; 122A.40, subdivision 8; 122A.41, subdivision 5; 122A.63, subdivisions 1, 4, 5, 6, by adding a subdivision; 122A.70; 123A.64; 123B.143, subdivision 1; 123B.41, subdivisions 2, 5; 123B.42, subdivision 3; 123B.49, subdivision 4; 123B.52, subdivision 6; 123B.571; 123B.595; 123B.61; 124D.02, subdivision 1; 124D.09, subdivisions 3, 7, 9, 10; 124D.091; 124D.111; 124D.1158; 124D.151, subdivisions 2, 4, 5, 6; 124D.165, subdivisions 2, 3, 4, by adding a subdivision; 124D.2211; 124D.231; 124D.34, subdivisions 2, 3, 4, 5, 8, 12; 124D.4531; 124D.531, subdivision 1; 124D.55; 124D.59, subdivision 2a; 124D.65, subdivision 5; 124D.68, subdivision 2; 124D.78, subdivision 2; 124D.83, subdivision 2; 124D.861, subdivision 2; 124D.862, subdivisions 1, 4, 5, by adding a subdivision; 124D.957, subdivision 1, by adding a subdivision; 124D.98, by adding a subdivision; 124D.99, subdivision 3; 124E.03, subdivision 2; 124E.11; 124E.13, subdivision 3; 124E.20, subdivision 1; 124E.21, subdivision 1; 125A.08; 125A.091, subdivisions 3a, 7; 125A.11, subdivision 1; 125A.50, subdivision 1; 125A.76, subdivisions 1, 2a, 2c, by adding a subdivision; 126C.05, subdivision 1; 126C.10, subdivisions 2, 2d, 2e, 3, 13a, 24; 126C.126; 126C.17, subdivisions 1, 2, 5, 6, 7, 7a, 9, by adding subdivisions; 126C.40, subdivision 1; 126C.44; 127A.052; 127A.45, subdivision 13; 127A.47, subdivision 7; 127A.49, subdivision 2; 134.355, subdivisions 5, 6, 7, 8; 136D.01; 136D.49; 214.01, subdivision 3; 245C.12; 257.0725; 471.59, subdivision 1; 626.556, subdivisions 2, 3b, 10, 11; 631.40, subdivision 4; Laws 2016, chapter 189, article 25, sections 56, subdivisions 2, 3; 61; 62, subdivisions 4, 15; Laws 2017, First Special Session chapter 5, article 1, section 19, subdivisions 2, 3, 4, 5, 6, 7, 9; article 2, section 57, subdivisions 2, 3, 4, 5, 6, 21, 26, 37; article 4, section 12, subdivisions 2, as amended, 3, 4, 5; article 5, section 14, subdivisions 2, 3; article 6, section 3, subdivisions 2, 3, 4; article 8, sections 8; 10, subdivisions 3, 4, 5a, 6, 12; article 9, section 2, subdivision 2; article 10, section 6, subdivision 2; article 11, section 9, subdivision 2; Laws 2018, chapter 211, article 21, section 4; proposing coding for new law in Minnesota Statutes,



chapters 120A; 120B; 121A; 122A; 123B; 125A; 127A; 245C; repealing Minnesota Statutes 2018, sections 120B.299; 122A.09, subdivision 1; 122A.182, subdivision 2; 122A.63, subdivisions 7, 8; 126C.17, subdivision 9a; 127A.051, subdivision 7; 127A.14; 136D.93; Laws 2017, First Special Session chapter 5, article 11, section 6; Minnesota Rules, part 8710.2100, subparts 1, 2."

With the recommendation that when so amended the bill be re-referred to the Committee on Taxes.

The report was adopted.

### **SECOND READING OF HOUSE BILLS**

H. F. No. 2206 was read for the second time.

### **SECOND READING OF SENATE BILLS**

S. F. No. 558 was read for the second time.

### **INTRODUCTION AND FIRST READING OF HOUSE BILLS**

The following House Files were introduced:

Kunesh-Podein; Lee; Mann; Xiong, J.; Hassan; Noor and Becker-Finn introduced:

H. F. No. 2827, A bill for an act relating to education; allowing comparative ethnic studies to fulfill social studies credit requirement; amending Minnesota Statutes 2018, section 120B.024, subdivision 1.

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

Bennett introduced:

H. F. No. 2828, A bill for an act relating to natural resources; appropriating money for trail connection to Blazing Star Trail.

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

Winkler moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by the Speaker.

Her was excused for the remainder of today's session.

The Speaker called Poppe to the Chair.

The following Conference Committee Report was received:

CONFERENCE COMMITTEE REPORT ON H. F. No. 50

A bill for an act relating to transportation; prohibiting use of cell phones while driving under specified circumstances; requiring a study of traffic stops; requiring a report; appropriating money; amending Minnesota Statutes 2018, sections 169.011, subdivision 94; 169.475.

April 8, 2019

The Honorable Melissa Hortman  
Speaker of the House of Representatives

The Honorable Jeremy R. Miller  
President of the Senate

We, the undersigned conferees for H. F. No. 50 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 50 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2018, section 169.011, subdivision 94, is amended to read:

Subd. 94. **Wireless communications device.** (a) "Wireless communications device" means (1) a cellular phone, or (2) a portable electronic device that is capable of receiving and transmitting data, including but not limited to text messages and e-mail, without an access line for service.

(b) A wireless communications device does not include: (1) a device or feature that is permanently affixed to physically integrated into the vehicle, or; (2) a global positioning system or navigation system when the system is used exclusively that is only capable of being used for navigation purposes; or (3) a two-way radio, citizens band radio, or amateur radio equipment used in accordance with Federal Communications Commission rules and regulations.

Sec. 2. Minnesota Statutes 2018, section 169.475, is amended to read:

**169.475 USE OF WIRELESS COMMUNICATIONS DEVICE.**

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

(b) "Electronic message" means a self-contained piece of digital communication that is designed or intended to be transmitted between physical devices. An electronic message includes, but is not limited to: e-mail; a text message; an instant message; a command or request to access a World Wide web page, or; a voice-mail message; a

transmitted image; transmitted video content, including through video calling; transmitted gaming data; and other data that uses transmitted using a commonly recognized electronic communications protocol. An electronic message does not include: voice or other audio data transmitted as a result of making a phone call; data transmitted between a motor vehicle and a wireless communications device located in the vehicle; data transmitted by a two-way radio, citizens band radio, or amateur radio used in accordance with Federal Communications Commission rules and regulations; or data transmitted automatically by a wireless communications device without direct initiation by a person.

(c) "Voice-activated or hands-free mode" means an attachment, accessory, wirelessly paired or tethered capability, application, wireless connection, or built-in feature of a wireless communications device or a motor vehicle that allows the person to use verbal or single touch commands to:

(1) activate or deactivate the device; and

(2) activate or deactivate a function or software application of the device.

Voice-activated or hands-free mode does not include typing or scrolling on a device.

(d) For purposes of this section, a motor vehicle is not in motion or a part of traffic if the vehicle is lawfully stopped, is in a location that is not designed or ordinarily used for vehicular travel, and is not obstructing traffic.

Subd. 2. **Prohibition on use; penalty.** (a) No Except as provided in subdivision 3, when a motor vehicle is in motion or a part of traffic, the person may operate a motor operating the vehicle while upon a street or highway is prohibited from using a wireless communications device to compose, read, or send;

(1) initiate, compose, send, retrieve, or read an electronic message, when the vehicle is in motion or a part of traffic;

(2) engage in a cellular phone call, including initiating a call, talking or listening, and participating in video calling; and

(3) access the following types of content stored on the device: video content, audio content, images, games, or software applications.

(b) A person who violates paragraph (a) a second or subsequent time must pay a fine of \$225, plus the amount specified in the uniform fine schedule established by the Judicial Council \$275.

Subd. 3. **Exceptions.** This section does (a) The prohibitions in subdivision 2 do not apply if a person uses a wireless communications device is used:

(1) solely in a voice-activated or other hands-free mode to initiate or participate in a cellular phone call or to initiate, compose, send, or listen to an electronic message;

(2) for making a cellular phone call to view or operate a global positioning system or navigation system in a manner that does not require the driver to type while the vehicle is in motion or a part of traffic, provided that the person does not hold the device with one or both hands;

(3) to listen to audio-based content in a manner that does not require the driver to scroll or type while the vehicle is in motion or a part of traffic, provided that the person does not hold the device with one or both hands;

~~(3) for obtaining~~ (4) to obtain emergency assistance to (i) report a traffic accident, medical emergency, or serious traffic hazard, or (ii) prevent a crime about to be committed;

~~(4)~~ (5) in the reasonable belief that a person's life or safety is in immediate danger; or

~~(5)~~ (6) in an authorized emergency vehicle while in the performance of official duties.

(b) The exception in paragraph (a), clause (1), does not apply to accessing nonnavigation video content, engaging in video calling, engaging in live-streaming, accessing gaming data, or reading electronic messages.

Sec. 3. **EFFECTIVE DATE.**

This act is effective August 1, 2019, and applies to acts committed on or after that date."

Delete the title and insert:

"A bill for an act relating to transportation; prohibiting use of cell phones while driving under specified circumstances; amending Minnesota Statutes 2018, sections 169.011, subdivision 94; 169.475."

We request the adoption of this report and repassage of the bill.

House Conferees: FRANK HORNSTEIN, MOHAMUD NOOR and JOHN PETERSBURG.

Senate Conferees: SCOTT J. NEWMAN, JOHN JASINSKI and JIM CARLSON.

Hornstein moved that the report of the Conference Committee on H. F. No. 50 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

The Speaker resumed the Chair.

H. F. No. 50, A bill for an act relating to transportation; prohibiting use of cell phones while driving under specified circumstances; requiring a study of traffic stops; requiring a report; appropriating money; amending Minnesota Statutes 2018, sections 169.011, subdivision 94; 169.475.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 107 yeas and 19 nays as follows:

Those who voted in the affirmative were:

Acomb	Bierman	Christensen	Demuth	Fischer	Haley
Albright	Boe	Clafin	Dettmer	Freiberg	Halverson
Anderson	Brand	Considine	Ecklund	Gomez	Hamilton
Baker	Cantrell	Daniels	Edelson	Grossell	Hansen
Bennett	Carlson, A.	Davnie	Elkins	Gruenhagen	Hassan
Bernardy	Carlson, L.	Dehn	Erickson	Gunther	Hausman

Heintzeman	Lee	Mariani	Olson	Sandell	Vang
Hornstein	Lesch	Marquart	O'Neill	Sandstede	Vogel
Howard	Liebling	Masin	Pelowski	Sauke	Wagenius
Huot	Lien	McDonald	Persell	Schomacker	Wazlawik
Jurgens	Lillie	Miller	Petersburg	Scott	Winkler
Klevorn	Lippert	Moller	Pinto	Stephenson	Wolgamott
Koegel	Lislegard	Moran	Poppe	Sundin	Xiong, J.
Kotzya-Witthuhn	Loeffler	Morrison	Pryor	Swedzinski	Xiong, T.
Koznick	Long	Murphy	Quam	Tabke	Youakim
Kresha	Lueck	Nelson, M.	Richardson	Theis	Zerwas
Kunesh-Podein	Mahoney	Nelson, N.	Robbins	Torkelson	Spk. Hortman
Layman	Mann	Noor	Runbeck	Urdahl	

Those who voted in the negative were:

Bahr	Fabian	Heinrich	Mekeland	Nornes
Daudt	Franson	Johnson	Munson	Pierson
Davids	Garofalo	Kiel	Nash	Poston
Drazkowski	Green	Lucero	Neu	

The bill was repassed, as amended by Conference, and its title agreed to.

### MOTIONS AND RESOLUTIONS

Poppe moved that the name of Gruenhagen be added as an author on H. F. No. 515. The motion prevailed.

Tabke moved that the name of Cantrell be added as an author on H. F. No. 1188. The motion prevailed.

Marquart moved that the name of Gruenhagen be added as an author on H. F. No. 1391. The motion prevailed.

Lesch moved that the name of Kresha be added as an author on H. F. No. 1971. The motion prevailed.

Heintzeman moved that his name be stricken as an author on H. F. No. 2825. The motion prevailed.

Munson moved that the name of Lucero be added as an author on H. F. No. 2825. The motion prevailed.

### ADJOURNMENT

Winkler moved that when the House adjourns today it adjourn until 9:00 a.m., Wednesday, April 10, 2019. The motion prevailed.

Winkler moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 9:00 a.m., Wednesday, April 10, 2019.

PATRICK D. MURPHY, Chief Clerk, House of Representatives

