

## STATE OF MINNESOTA

## NINETY-FIRST SESSION — 2019

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 FORTY-FIRST DAY

SAINT PAUL, MINNESOTA, THURSDAY, APRIL 25, 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 Pastor David J. Engman, Breakthrough Ministries, St. Paul, Minnesota.

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

The roll was called and the following members were present:

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

A quorum was present.

Backer, Demuth, Swedzinski and West were excused.

Drazkowski was excused until 1:55 p.m.

The Speaker assumed the Chair.

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. 802 and H. F. No. 2792, which had been referred to the Chief Clerk for comparison, were examined and found to be not identical.

Mariani moved that S. F. No. 802 be substituted for H. F. No. 2792 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2314 and H. F. No. 2209, which had been referred to the Chief Clerk for comparison, were examined and found to be not identical.

Hansen moved that S. F. No. 2314 be substituted for H. F. No. 2209 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2415 and H. F. No. 2544, which had been referred to the Chief Clerk for comparison, were examined and found to be not identical.

Bernardy moved that S. F. No. 2415 be substituted for H. F. No. 2544 and that the House File be indefinitely postponed. The motion prevailed.

## REPORTS OF STANDING COMMITTEES AND DIVISIONS

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

H. F. No. 5, A bill for an act relating to employment; providing for paid family, pregnancy, bonding, and applicant's serious medical condition benefits; regulating and requiring certain employment leaves; classifying certain data; authorizing rulemaking; amending Minnesota Statutes 2018, sections 13.719, by adding a subdivision; 177.27, subdivision 4; 181.032; 256J.561, by adding a subdivision; 256J.95, subdivisions 3, 11; 256P.01, subdivision 3; 268.19, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 268B.

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. 653, A bill for an act relating to natural resources; appropriating money for regional parks and trails.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1  
OUTDOOR HERITAGE FUND

Section 1. **OUTDOOR HERITAGE FUND 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 outdoor heritage fund for the fiscal year indicated for each purpose. The figures "2020" and "2021" used in this article mean that the appropriations listed under the figure 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. These are onetime appropriations.

<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>

Sec. 2. **OUTDOOR HERITAGE**

Subdivision 1. **Total Appropriation**

**\$127,127,000**

**\$565,000**

This appropriation is from the outdoor heritage fund. The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. **Prairies**

**38,303,000**

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**(a) DNR Wildlife Management Area and Scientific and Natural Area Acquisition - Phase XI**

\$2,519,000 the first year is to the commissioner of natural resources to acquire in fee and restore and enhance lands for wildlife management under Minnesota Statutes, section 86A.05, subdivision 8, and to acquire lands in fee for scientific and natural areas under Minnesota Statutes, section 86A.05, subdivision 5. Subject to evaluation criteria in Minnesota Rules, part 6136.0900, priority must be given to acquiring lands that are eligible for the native prairie bank under Minnesota Statutes, section 84.96, or lands adjacent to protected native prairie. A list of proposed land acquisitions must be provided as part of the required accomplishment plan.

**(b) Accelerating Wildlife Management Area Program - Phase XI**

\$6,060,000 the first year is to the commissioner of natural resources for an agreement with Pheasants Forever to acquire in fee and restore and enhance lands for wildlife management under Minnesota Statutes, section 86A.05, subdivision 8. Subject to evaluation criteria in Minnesota Rules, part 6136.0900, priority must be given to acquiring lands that are eligible for the native prairie bank under Minnesota Statutes, section 84.96, or lands adjacent to protected native prairie. A list of proposed land acquisitions must be provided as part of the required accomplishment plan.

**(c) Minnesota Prairie Recovery Project - Phase IX**

\$3,058,000 the first year is to the commissioner of natural resources for an agreement with The Nature Conservancy to acquire lands in fee and to restore and enhance native prairies.

grasslands, wetlands, and savannas. Subject to evaluation criteria in Minnesota Rules, part 6136.0900, priority must be given to acquiring lands that are eligible for the native prairie bank under Minnesota Statutes, section 84.96, or lands adjacent to protected native prairie. No later than 180 days after The Nature Conservancy's fiscal year ends, The Nature Conservancy must submit to the Lessard-Sams Outdoor Heritage Council annual income statements and balance sheets for income and expenses from land acquired with this appropriation. A list of proposed land acquisitions must be provided as part of the required accomplishment plan, and the acquisitions must be consistent with the priorities identified in *Minnesota Prairie Conservation Plan*.

**(d) Northern Tallgrass Prairie National Wildlife Refuge Land Acquisition - Phase X**

\$2,383,000 the first year is to the commissioner of natural resources for an agreement with The Nature Conservancy, in cooperation with the United States Fish and Wildlife Service, to acquire lands in fee or permanent conservation easements and to restore and enhance lands in the Northern Tallgrass Prairie Habitat Preservation Area in western Minnesota for addition to the Northern Tallgrass Prairie National Wildlife Refuge. Subject to evaluation criteria in Minnesota Rules, part 6136.0900, priority must be given to acquiring lands that are eligible for the native prairie bank under Minnesota Statutes, section 84.96, or lands adjacent to protected native prairie. A list of proposed land acquisitions must be provided as part of the required accomplishment plan, and the acquisitions must be consistent with the priorities in *Minnesota Prairie Conservation Plan*.

**(e) Lower Wild Rice Corridor Habitat Restoration - Phase II**

\$225,000 the first year is to the commissioner of natural resources for an agreement with the Wild Rice Watershed District to acquire land in permanent conservation easement and to restore river and related habitat in the Wild Rice River corridor. \$2,750,000 the first year is to the Board of Water and Soil Resources to acquire lands in permanent conservation easements and to restore river and related habitat in the Wild Rice River corridor, of which up to \$111,000 is for establishing a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. A list of proposed acquisitions must be included as part of the required accomplishment plan.

**(f) Martin County DNR WMA Acquisition - Phase III**

\$3,650,000 the first year is to the commissioner of natural resources for agreements to acquire lands in fee and restore and enhance strategic prairie grassland, wetland, and other wildlife

habitat in Martin County for wildlife management under Minnesota Statutes, section 86A.05, subdivision 8. Of this amount, \$3,002,000 is to Fox Lake Conservation League Inc., \$554,000 is to Ducks Unlimited, and \$94,000 is to The Conservation Fund. A list of proposed acquisitions must be provided as part of the required accomplishment plan.

**(g) RIM Grasslands Reserve**

\$2,276,000 the first year is to the Board of Water and Soil Resources to acquire permanent conservation easements and to restore and enhance grassland habitat under Minnesota Statutes, section 103F.501 to 103F.531. Of this amount, up to \$39,000 is for establishing a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. A list of permanent conservation easements must be provided as part of the final report.

**(h) Prairie Chicken Habitat Partnership of the Southern Red River Valley - Phase V**

\$2,558,000 the first year is to the commissioner of natural resources for an agreement with Pheasants Forever, in cooperation with the Minnesota Prairie Chicken Society, to acquire lands in fee and restore and enhance lands in the southern Red River valley for wildlife management under Minnesota Statutes, section 86A.05, subdivision 8, or to be designated and managed as waterfowl production areas in Minnesota in cooperation with the United States Fish and Wildlife Service. Subject to evaluation criteria in Minnesota Rules, part 6136.0900, priority must be given to acquiring lands that are eligible for the native prairie bank under Minnesota Statutes, section 84.96, or lands adjacent to protected native prairie. A list of proposed land acquisitions must be provided as part of the required accomplishment plan.

**(i) DNR Grassland Enhancement - Phase XI**

\$8,861,000 the first year is to the commissioner of natural resources to accelerate restoration and enhancement of prairies, grasslands, and savannas in wildlife management areas, in scientific and natural areas, in aquatic management areas, on lands in the native prairie bank, in bluff prairies on state forest land in southeastern Minnesota, and in waterfowl production areas and refuge lands of the United States Fish and Wildlife Service. A list of proposed land restorations and enhancements must be provided as part of the required accomplishment plan.

**(j) Anoka Sand Plain Habitat Restoration and Enhancement - Phase VI**

\$2,573,000 the first year is to the commissioner of natural resources for agreements to acquire permanent conservation easements and to restore and enhance wildlife habitat on public lands and easements in the Anoka Sand Plain ecoregion and intersecting minor watersheds as follows: \$156,000 is to the Anoka Conservation District; \$699,000 is to Great River Greening; \$269,000 is to the Sherburne Soil and Water Conservation District; \$182,000 is to the National Wild Turkey Federation; and \$1,267,000 is to Minnesota Land Trust, of which up to \$144,000 to Minnesota Land Trust is for establishing monitoring and enforcement funds as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. A list of proposed permanent conservation easements, restorations, and enhancements must be provided as part of the required accomplishment plan.

**(k) Fairmont Chain of Lakes Habitat Restoration Plan - Phase I**

\$1,390,000 the first year is to the commissioner of natural resources for an agreement with the city of Fairmont to restore and enhance grassland, wetland, and stream habitats in the Dutch Creek watershed. A list of proposed restorations and enhancements must be provided as part of the required accomplishment plan.

Subd. 3. **Forests**

17,032,000

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**(a) Protecting Strategic Forest Lands Near Camp Ripley Partnership - Phase VIII**

\$3,348,000 the first year is to the commissioner of natural resources for an agreement with The Conservation Fund to acquire in fee and restore and enhance forest wildlife habitat in Cass, Crow Wing, and Morrison Counties in proximity to the Minnesota National Guard Camp Ripley Sentinel Landscape. Land must be acquired for state forests under Minnesota Statutes, section 86A.05, subdivision 7; for wildlife management under Minnesota Statutes, section 86A.05, subdivision 8; for scientific and natural areas under Minnesota Statutes, section 86A.05, subdivision 5; or as county forest land or municipal forest land. A list of proposed land acquisitions must be provided as part of the required accomplishment plan.

**(b) Southeast Minnesota Protection and Restoration - Phase VII**

\$5,741,000 the first year is to the commissioner of natural resources for agreements as follows:

(1) \$2,701,000 to The Nature Conservancy to acquire lands in fee to be held by The Nature Conservancy or acquire lands in fee for wildlife management under Minnesota Statutes, section 86A.05, subdivision 8; for scientific and natural areas under Minnesota Statutes, section 86A.05, subdivision 5; for state forests under Minnesota Statutes, section 86A.05, subdivision 7; and for aquatic management areas under Minnesota Statutes, section 86A.05, subdivision 14;

(2) \$1,370,000 to The Trust for Public Land to acquire lands in fee for wildlife management under Minnesota Statutes, section 86A.05, subdivision 8; for scientific and natural areas under Minnesota Statutes, section 86A.05, subdivision 5; for state forests under Minnesota Statutes, section 86A.05, subdivision 7; and for aquatic management areas under Minnesota Statutes, section 86A.05, subdivision 14; and

(3) \$1,670,000 to Minnesota Land Trust to acquire permanent conservation easements and to restore and enhance wildlife habitat, of which \$192,000 is to establish a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17.

Annual income statements and balance sheets for income and expenses from land acquired in fee and held by The Nature Conservancy with the appropriation in clause (1) must be submitted to the Lessard-Sams Outdoor Heritage Council no later than 180 days after The Nature Conservancy's fiscal year closes. A list of proposed land acquisitions must be provided as part of the required accomplishment plan.

**(c) Minnesota Forests for the Future - Phase VII**

\$4,573,000 the first year is to the commissioner of natural resources to acquire lands in fee and easements and to restore and enhance forests, wetlands, and shoreline habitat through working forest permanent conservation easements under the Minnesota forests for the future program according to Minnesota Statutes, section 84.66. A conservation easement acquired with money appropriated under this paragraph must comply with Minnesota Statutes, section 97A.056, subdivision 13. The accomplishment plan must include an easement monitoring and enforcement plan. Of this amount, up to \$150,000 is for establishing a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. A list of proposed land acquisitions must be provided as part of the required accomplishment plan. A list of permanent conservation easements must be provided as part of the final report.

**(d) Mississippi River Floodplain Forest Enhancement - Phase III**

\$1,357,000 the first year is to the commissioner of natural resources for an agreement with the National Audubon Society to restore and enhance floodplain forest habitat for wildlife on public lands along the Mississippi River. A list of restorations and enhancements must be provided as part of the required accomplishment plan.

**(e) Enhanced Public Land Open Landscapes - Phase I**

\$955,000 the first year is to the commissioner of natural resources for an agreement with Pheasants Forever, in cooperation with the Minnesota Sharp-Tailed Grouse Society, to enhance and restore early successional open landscape habitat on public lands. A list of proposed restoration and enhancements must be provided as part of the required accomplishment plan.

**(f) Minnesota Forest Recovery Project - Phase I**

\$1,058,000 the first year is to the commissioner of natural resources for an agreement with The Nature Conservancy to enhance degraded forests in Beltrami, Cass, Cook, Itasca, Lake, and St. Louis Counties. A list of enhancements must be provided as part of the required accomplishment plan.

Subd. 4. **Wetlands**20,753,000-0-**(a) Accelerating Waterfowl Production Area Acquisition - Phase XI**

\$5,631,000 the first year is to the commissioner of natural resources for an agreement with Pheasants Forever, in cooperation with the United States Fish and Wildlife Service, to acquire lands in fee and to restore and enhance wetlands and grasslands to be designated and managed as waterfowl production areas in Minnesota. A list of proposed land acquisitions must be provided as part of the required accomplishment plan.

**(b) Shallow Lake and Wetland Protection Program - Phase VIII**

\$6,150,000 the first year is to the commissioner of natural resources for an agreement with Ducks Unlimited to acquire lands in fee and to restore and enhance prairie lands, wetlands, and land buffering shallow lakes for wildlife management under Minnesota Statutes, section 86A.05, subdivision 8. A list of proposed acquisitions must be provided as part of the required accomplishment plan.



**(c) Wetland Habitat Protection Program - Phase IV**

\$2,129,000 the first year is to the commissioner of natural resources for an agreement with Minnesota Land Trust to acquire permanent conservation easements and to restore and enhance prairie, wetland, and other habitat on permanently protected conservation easements in high-priority wetland habitat complexes in the prairie and forest/prairie transition regions. Of this amount, up to \$240,000 is to establish a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. A list of proposed conservation easement acquisitions and restorations and enhancements must be provided as part of the required accomplishment plan.

**(d) Wild Rice Shoreland Protection - Phase VI**

\$937,000 the first year is to the Board of Water and Soil Resources to acquire permanent conservation easements on wild rice lake shoreland habitat for native wild rice bed protection. Of this amount, up to \$72,000 is for establishing a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. A list of permanent conservation easements must be provided as part of the final report. \$250,000 the first year is to the commissioner of natural resources to acquire lands in fee and restore and enhance lands for wildlife management under Minnesota Statutes, section 86A.05, subdivision 8; for scientific and natural areas under Minnesota Statutes, section 86A.05, subdivision 5; for state forests under Minnesota Statutes, section 86A.05, subdivision 7; and for aquatic management under Minnesota Statutes, sections 86A.05, subdivision 14, and 97C.02 to acquire lands for wild rice lake shoreland habitat to protect native wild rice beds. A list of proposed acquisitions in fee must be provided as part of the required accomplishment plan.

**(e) Shallow Lakes and Wetlands Enhancement - Phase XI**

\$3,541,000 the first year is to the commissioner of natural resources to enhance and restore shallow lakes and wetland habitat statewide. A list of proposed land restorations and enhancements must be provided as part of the required accomplishment plan.

**(f) Restoring Wetlands Dominated by Nonnative Cattail in Border Waters**

\$1,270,000 the first year is to the commissioner of natural resources for an agreement with the National Park Service to restore and enhance wetland and lacustrine habitat in Voyageurs National Park. A list of proposed restorations and enhancements must be provided as part of the accomplishment plan.

**(g) Big Rice Lake Wild Rice Enhancement**

\$845,000 the first year is to the commissioner of natural resources to enhance and restore wild rice wetland habitat in Big Rice Lake in St. Louis County.

**Subd. 5. Habitats**50,119,000-0-**(a) St. Croix Watershed Habitat Protection and Restoration - Phase I**

\$3,751,000 the first year is to the commissioner of natural resources for agreements as follows:

(1) \$2,209,000 to The Trust for Public Land to acquire land in fee and to acquire permanent conservation stream easements in the St. Croix River watershed using the payment method prescribed in Minnesota Statutes, section 84.0272, subdivision 2;

(2) \$1,377,000 to Minnesota Land Trust to acquire permanent conservation easements and to restore and enhance natural habitat systems in the St. Croix River watershed. Of this amount, up to \$168,000 to Minnesota Land Trust is to establish a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17; and

(3) \$165,000 to the St. Croix River Association to coordinate and administer the program under this paragraph.

A list of proposed land acquisitions and permanent conservation easements must be provided as part of the required accomplishment plan.

**(b) Metro Big Rivers - Phase IX**

\$4,163,000 the first year is to the commissioner of natural resources for agreements to acquire lands in fee and permanent conservation easements and to restore and enhance natural habitat systems associated with the Mississippi, Minnesota, and St. Croix Rivers and their tributaries in the metropolitan area. Of this amount, \$820,000 is to Minnesota Valley National Wildlife Refuge Trust Inc., \$532,000 is to Friends of the Mississippi River, \$1,061,000 is to Great River Greening, and \$1,750,000 is to Minnesota Land Trust. Up to \$144,000 to Minnesota Land Trust is to establish a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. A list of proposed land acquisitions and permanent conservation easements must be provided as part of the required accomplishment plan.

**(c) Dakota County Habitat Protection/Restoration - Phase VII**

\$3,516,000 the first year is to the commissioner of natural resources for an agreement with Dakota County to acquire permanent conservation easements and land in fee and to restore and enhance riparian and other habitats in Dakota County. A list of proposed land acquisitions and restorations and enhancements must be provided as part of the required accomplishment plan.

**(d) Fisheries Habitat Protection on Strategic North Central Minnesota Lakes - Phase V**

\$3,365,000 the first year is to the commissioner of natural resources for agreements to acquire lands in fee and permanent conservation easements and to restore and enhance wildlife habitat to sustain healthy fish habitat on coldwater lakes in Aitkin, Cass, Crow Wing, and Hubbard Counties. Of this amount, \$841,000 is to Northern Waters Land Trust and \$2,524,000 is to Minnesota Land Trust. Up to \$192,000 to Minnesota Land Trust is to establish a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. A list of acquisitions must be provided as part of the required accomplishment plan.

**(e) Sauk River Watershed Habitat Protection and Restoration**

\$2,946,000 the first year is to the commissioner of natural resources for agreements to acquire lands in fee and permanent conservation easements and restore and enhance wildlife habitat in the Sauk River watershed as follows: \$440,000 to Sauk River Watershed District, \$590,000 to Pheasants Forever, and \$1,916,000 to Minnesota Land Trust. Up to \$192,000 to Minnesota Land Trust is to establish a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. A list of acquisitions must be provided as part of the required accomplishment plan.

**(f) Trout Unlimited Coldwater Fish Habitat Enhancement and Restoration - Phase XI**

\$2,359,000 the first year is to the commissioner of natural resources for an agreement with Trout Unlimited to acquire permanent conservation stream easements using the payment method prescribed in Minnesota Statutes, section 84.0272, subdivision 2, and to restore and enhance habitat for trout and other species in and along coldwater rivers, lakes, and streams in Minnesota. Up to \$40,000 is to establish a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. A

list of proposed land acquisitions and restorations and enhancements must be provided as part of the required accomplishment plan.

**(g) DNR Aquatic Habitat Restoration and Enhancement - Phase II**

\$3,208,000 the first year is to the commissioner of natural resources to restore and enhance aquatic habitat in degraded streams and aquatic management areas and to facilitate fish passage. A list of proposed land restorations and enhancements must be provided as part of the required accomplishment plan.

**(h) St. Louis River Restoration Initiative - Phase VI**

\$3,777,000 the first year is to the commissioner of natural resources to restore aquatic and riparian habitats in the St. Louis River estuary. Of this appropriation, up to \$2,182,000 is for an agreement with Minnesota Land Trust. A list of proposed restorations must be provided as part of the required accomplishment plan.

**(i) Knife River Habitat Rehabilitation - Phase IV**

\$891,000 the first year is to the commissioner of natural resources for an agreement with Zeitgeist, in cooperation with the Lake Superior Steelhead Association, to restore and enhance trout habitat in the Knife River watershed. A list of proposed enhancements must be provided as part of the required accomplishment plan.

**(j) Shell Rock River Watershed Habitat Restoration Program - Phase VIII**

\$2,046,000 the first year is to the commissioner of natural resources for an agreement with the Shell Rock River Watershed District to acquire lands in fee and to restore and enhance aquatic habitat in the Shell Rock River watershed. A list of proposed acquisitions, restorations, and enhancements must be provided as part of the required accomplishment plan.

**(k) Pine River Fish Passage Project**

\$1,246,000 the first year is to the commissioner of natural resources for an agreement with the Crow Wing Soil and Water Conservation District to restore and enhance riverine habitat in the Pine River and provide fish passage by removing dams and modifying and installing structures.

**(l) Sauk River Dam Fish Passage**

\$737,000 the first year is to the commissioner of natural resources for an agreement with the Stearns County Soil and Water Conservation District to restore and enhance riverine habitat in the Sauk River and provide fish passage by removing the dam and modifying and installing structures at the Melrose dam site.

**(m) Restoring Norway Brook Connectivity to the Pine River**

\$2,267,000 the first year is to the commissioner of natural resources for an agreement with the city of Pine River to restore and enhance riverine habitat in the Pine River and provide fish passage by removing the dam and modifying and installing structures at the Norway Lake dam site.

**(n) Pig's Eye Lake Islands Habitat Restoration and Enhancement**

\$4,337,000 the first year is to the commissioner of natural resources for an agreement with Ramsey County to restore and enhance wildlife habitat in Pig's Eye Lake, to include constructing islands.

**(o) Restoring Upper Mississippi River at Lake Pepin**

\$750,000 the first year is to the commissioner of natural resources for an agreement with the Lake Pepin Legacy Alliance to restore and enhance wildlife habitat on public lands in Lake Pepin and the adjacent floodplain. A list of proposed restorations and enhancements must be provided as part of the required accomplishment plan.

**(p) Conservation Partners Legacy Grant Program: Statewide and Metro Habitat - Phase XI**

\$10,760,000 the first year is to the commissioner of natural resources for a program to provide competitive matching grants of up to \$400,000 to local, regional, state, and national organizations for enhancing, restoring, or protecting forests, wetlands, prairies, or habitat for fish, game, or wildlife in Minnesota. Of this amount, at least \$3,000,000 is for grants in the seven-county metropolitan area and cities with a population of 50,000 or greater. Grants must not be made for activities required to fulfill the duties of owners of lands subject to conservation easements. Grants must not be made from the appropriation in this paragraph for projects that have a total project cost exceeding \$575,000. Of the total appropriation, \$445,000 may be spent for personnel costs and other direct and necessary administrative costs. Grantees may acquire land or interests in land. Easements must be permanent. Grants may not be used to establish easement stewardship accounts. The program must require a match of at least ten percent from nonstate sources

for all grants. The match may be cash or in-kind resources. For grant applications of \$25,000 or less, the commissioner must provide a separate, simplified application process. Subject to Minnesota statutes, the commissioner of natural resources must, when evaluating projects of equal value, give priority to organizations that have a history of receiving, or a charter to receive, private contributions for local conservation or habitat projects. All restoration or enhancement projects must be on land permanently protected by a permanent covenant ensuring perpetual maintenance and protection of restored and enhanced habitat, by a conservation easement or public ownership or in public waters as defined in Minnesota Statutes, section 103G.005, subdivision 15. Priority must be given to restoration and enhancement projects on public lands. Minnesota Statutes, section 97A.056, subdivision 13, applies to grants awarded under this paragraph. This appropriation is available until June 30, 2023. No less than five percent of the amount of each grant must be held back from reimbursement until the grant recipient has completed a grant accomplishment report by the deadline and in the form prescribed by and satisfactory to the Lessard-Sams Outdoor Heritage Council. The commissioner must provide notice of the grant program in the summary of game and fish law prepared under Minnesota Statutes, section 97A.051, subdivision 2.

**Subd. 6. Administration**

920,000

565,000

**(a) Contract Management**

\$210,000 the first year is to the commissioner of natural resources for contract management duties assigned in this section. The commissioner must provide an accomplishment plan in the form specified by the Lessard-Sams Outdoor Heritage Council on expending this appropriation. The accomplishment plan must include a copy of the grant contract template and reimbursement manual. No money may be expended before the Lessard-Sams Outdoor Heritage Council approves the accomplishment plan.

**(b) Legislative Coordinating Commission**

\$555,000 the first year and \$560,000 the second year are to the Legislative Coordinating Commission for administrative expenses of the Lessard-Sams Outdoor Heritage Council and for compensating and reimbursing expenses of council members. This appropriation is available until June 30, 2021. Minnesota Statutes, section 16A.281, applies to this appropriation.

**(c) Technical Evaluation Panel**

\$150,000 the first year is to the commissioner of natural resources for a technical evaluation panel to conduct up to 25 restoration and enhancement evaluations under Minnesota Statutes, section 97A.056, subdivision 10.

**(d) Legacy Website**

\$5,000 the first year and \$5,000 the second year are to the Legislative Coordinating Commission for the website required in Minnesota Statutes, section 3.303, subdivision 10.

**Subd. 7. Availability of Appropriation**

Money appropriated in this section may not be spent on activities unless they are directly related to and necessary for a specific appropriation and are specified in the accomplishment plan approved by the Lessard-Sams Outdoor Heritage Council. Money appropriated in this section must not be spent on indirect costs or other institutional overhead charges that are not directly related to and necessary for a specific appropriation. Unless otherwise provided, the amounts in this section are available until June 30, 2022. For acquisition of real property, the amounts in this section are available until June 30, 2023, if a binding agreement with a landowner or purchase agreement is entered into by June 30, 2022, and closed no later than June 30, 2023. Funds for restoration or enhancement are available until June 30, 2024, or five years after acquisition, whichever is later, in order to complete initial restoration or enhancement work. If a project receives at least 15 percent of its funding from federal funds, the time of the appropriation may be extended to equal the availability of federal funding to a maximum of six years if that federal funding was confirmed and included in the original draft accomplishment plan. Funds appropriated for fee title acquisition of land may be used to restore, enhance, and provide for public use of the land acquired with the appropriation. Public-use facilities must have a minimal impact on habitat in acquired lands.

**Subd. 8. Payment Conditions and Capital Equipment Expenditures**

All agreements referred to in this section must be administered on a reimbursement basis unless otherwise provided in this section. Notwithstanding Minnesota Statutes, section 16A.41, expenditures directly related to each appropriation's purpose made on or after July 1, 2019, or the date of accomplishment plan approval, whichever is later, are eligible for reimbursement unless otherwise provided in this section. For the purposes of administering appropriations and legislatively authorized agreements paid out of the outdoor heritage fund, an expense must be considered reimbursable by the administering agency when the recipient presents the agency with an invoice, or a binding agreement with the landowner, and the recipient attests that the goods have been received or the landowner agreement is binding. Periodic reimbursement must be made upon receiving documentation that the items articulated in the accomplishment plan approved by the Lessard-Sams Outdoor Heritage Council have been achieved.

including partial achievements as evidenced by progress reports approved by the Lessard-Sams Outdoor Heritage Council. Reasonable amounts may be advanced to projects to accommodate cash flow needs, support future management of acquired lands, or match a federal share. The advances must be approved as part of the accomplishment plan. Capital equipment expenditures for specific items over \$10,000 must be itemized in and approved as part of the accomplishment plan.

**Subd. 9. Mapping**

Each direct recipient of money appropriated in this section, as well as each recipient of a grant awarded according to this section, must provide geographic information to the Lessard-Sams Outdoor Heritage Council for mapping of any lands acquired in fee with funds appropriated in this section and open to public taking of fish and game. The commissioner of natural resources must include the lands acquired in fee with money appropriated in this section on maps showing public recreational opportunities. Maps must include information on and acknowledgment of the outdoor heritage fund, including a notation of any restrictions.

**Subd. 10. Carryforwards**

(a) The availability of the appropriation in Laws 2014, chapter 256, article 1, section 2, subdivision 5, paragraph (k), Evaluate Effectiveness of Aquatic Invasive Species Prevention Strategies, is extended to June 30, 2020.

(b) The availability of the appropriation in Laws 2015, First Special Session chapter 2, article 1, section 2, subdivision 2, paragraph (f), Minnesota Buffers for Wildlife and Water - Phase V, is extended to June 30, 2024.

(c) The availability of the appropriation in Laws 2016, chapter 172, article 1, section 2, subdivision 2, paragraph (g), Reinvest in Minnesota (RIM) Buffers for Wildlife and Water - Phase VI, is extended to June 30, 2025.

(d) This subdivision is effective the day following final enactment.

Sec. 3. Minnesota Statutes 2018, section 97A.056, subdivision 7, is amended to read:

Subd. 7. **Legislative oversight.** The senate and house of representatives chairs of the committees and divisions with jurisdiction over the environment and natural resources budget shall finance and the outdoor heritage fund must convene a joint hearing to review the activities and evaluate the effectiveness of the council and to receive reports on the council from the legislative auditor no later than June 30, 2014 2020.



Sec. 4. Laws 2015, First Special Session chapter 2, article 1, section 2, subdivision 2, as amended by Laws 2016, chapter 172, article 1, section 5, and Laws 2017, chapter 91, article 1, section 7, is amended to read:

Subd. 2. **Prairies**

40,948,000

-0-

**(a) DNR Wildlife Management Area and Scientific and Natural Area Acquisition - Phase VII**

\$4,570,000 in the first year is to the commissioner of natural resources to acquire land in fee for wildlife management purposes under Minnesota Statutes, section 86A.05, subdivision 8, and to acquire land in fee for scientific and natural area purposes under Minnesota Statutes, section 86A.05, subdivision 5. Subject to evaluation criteria in Minnesota Rules, part 6136.0900, priority must be given to acquisition of lands that are eligible for the native prairie bank under Minnesota Statutes, section 84.96, or lands adjacent to protected native prairie. A list of proposed land and permanent conservation easement acquisitions must be provided as part of the required accomplishment plan.

**(b) Accelerating Wildlife Management Area Acquisition - Phase VII**

\$7,452,000 in the first year is to the commissioner of natural resources for an agreement with Pheasants Forever to acquire land in fee for wildlife management area purposes under Minnesota Statutes, section 86A.05, subdivision 8. Subject to evaluation criteria in Minnesota Rules, part 6136.0900, priority must be given to acquisition of lands that are eligible for the native prairie bank under Minnesota Statutes, section 84.96, or lands adjacent to protected native prairie. A list of proposed land acquisitions must be provided as part of the required accomplishment plan.

**(c) Minnesota Prairie Recovery Project - Phase VI**

\$4,032,000 in the first year is to the commissioner of natural resources for an agreement with The Nature Conservancy to acquire native prairie, wetlands, and savanna and restore and enhance grasslands, wetlands, and savanna. Subject to evaluation criteria in Minnesota Rules, part 6136.0900, priority must be given to acquisition of lands that are eligible for the native prairie bank under Minnesota Statutes, section 84.96, or lands adjacent to protected native prairie. Annual income statements and balance sheets for income and expenses from land acquired with this appropriation must be submitted to the Lessard-Sams Outdoor Heritage Council no later than 180 days following the close of The Nature Conservancy's fiscal year. A list of proposed land acquisitions must be provided as part of the required accomplishment plan and must be consistent with the priorities identified in the Minnesota Prairie Conservation Plan.

**(d) Northern Tallgrass Prairie National Wildlife Refuge Land Acquisition - Phase VI**

\$3,430,000 in the first year is to the commissioner of natural resources for an agreement with The Nature Conservancy in cooperation with the United States Fish and Wildlife Service to acquire land in fee or permanent conservation easements within the Northern Tallgrass Prairie Habitat Preservation Area in western Minnesota for addition to the Northern Tallgrass Prairie National Wildlife Refuge. Subject to evaluation criteria in Minnesota Rules, part 6136.0900, priority must be given to acquisition of lands that are eligible for the native prairie bank under Minnesota Statutes, section 84.96, or lands adjacent to protected native prairie. A list of proposed land acquisitions must be provided as part of the required accomplishment plan and must be consistent with the priorities in the Minnesota Prairie Conservation Plan.

**(e) Accelerated Native Prairie Bank Protection - Phase IV**

\$3,740,000 in the first year is to the commissioner of natural resources to implement the Minnesota Prairie Conservation Plan through the acquisition of permanent conservation easements to protect native prairie and grasslands. Up to \$165,000 is for establishing monitoring and enforcement funds as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. Subject to evaluation criteria in Minnesota Rules, part 6136.0900, priority must be given to acquisition of lands that are eligible for the native prairie bank under Minnesota Statutes, section 84.96, or lands adjacent to protected native prairie. A list of permanent conservation easements must be provided as part of the final report.

**(f) Minnesota Buffers for Wildlife and Water - Phase V**

\$4,544,000 in the first year is to the Board of Water and Soil Resources to acquire permanent conservation easements to protect and enhance habitat by expanding the clean water fund riparian buffer program for at least equal wildlife benefits from buffers on private land. Up to \$728,000 is for establishing a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. A list of permanent conservation easements must be provided as part of the final report.

**(g) Cannon River Headwaters Habitat Complex - Phase V**

\$1,380,000 in the first year is to the commissioner of natural resources for an agreement with The Trust for Public Land to acquire and restore lands in the Cannon River watershed for wildlife management purposes under Minnesota Statutes, section

86A.05, subdivision 8. Subject to evaluation criteria in Minnesota Rules, part 6136.0900, priority must be given to acquisition of lands that are eligible for the native prairie bank under Minnesota Statutes, section 84.96, or lands adjacent to protected native prairie. A list of proposed land acquisitions must be provided as part of the required accomplishment plan.

**(h) Prairie Chicken Habitat Partnership of the Southern Red River Valley**

\$1,800,000 in the first year is to the commissioner of natural resources for an agreement with Pheasants Forever in cooperation with the Minnesota Prairie Chicken Society to acquire and restore lands in the southern Red River Valley for wildlife management purposes under Minnesota Statutes, section 86A.05, subdivision 8, or for designation and management as waterfowl production areas in Minnesota, in cooperation with the United States Fish and Wildlife Service. A list of proposed land acquisitions must be provided as part of the required accomplishment plan.

**(i) Protecting and Restoring Minnesota's Important Bird Areas**

\$1,730,000 in the first year is to the commissioner of natural resources for agreements to acquire conservation easements within and restore and enhance important bird areas identified in the Minnesota Prairie Conservation Plan, to be used as follows: \$408,000 is to Audubon Minnesota and \$1,322,000 is to Minnesota Land Trust, of which up to \$100,000 is for establishing monitoring and enforcement funds as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. A list of permanent conservation easements must be provided as part of the final report. This appropriation is available until June 30, 2021.

**(j) Wild Rice River Corridor Habitat Restoration**

\$2,270,000 in the first year is to the commissioner of natural resources for an agreement with the Wild Rice Watershed District to acquire land in fee and permanent conservation easement and to restore river and related habitat in the Wild Rice River corridor. A list of proposed acquisitions and restorations must be provided as part of the required accomplishment plan.

**(k) Accelerated Prairie Restoration and Enhancement on DNR Lands - Phase VII**

\$4,880,000 in the first year is to the commissioner of natural resources to accelerate the restoration and enhancement of prairie communities on wildlife management areas, scientific and natural

areas, state forest land, and land under native prairie bank easements. A list of proposed land restorations and enhancements must be provided as part of the required accomplishment plan.

**(I) Enhanced Public Land Grasslands - Phase II**

\$1,120,000 in the first year is to the commissioner of natural resources for an agreement with Pheasants Forever to enhance and restore habitat on public lands. A list of proposed land restorations and enhancements must be provided as part of the final report.

**EFFECTIVE DATE.** This section is effective retroactively from July 1, 2015.

Sec. 5. Laws 2017, chapter 91, article 1, section 2, subdivision 2, is amended to read:

Subd. 2. <b>Prairies</b>	29,489,000	1,373,000
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**(a) DNR Wildlife Management Area and Scientific and Natural Area Acquisition - Phase IX**

\$3,064,000 the first year and \$1,373,000 the second year are to the commissioner of natural resources to acquire in fee and restore lands for wildlife management purposes under Minnesota Statutes, section 86A.05, subdivision 8, and to acquire land in fee for scientific and natural area purposes under Minnesota Statutes, section 86A.05, subdivision 5. Subject to evaluation criteria in Minnesota Rules, part 6136.0900, priority must be given to acquiring lands that are eligible for the native prairie bank under Minnesota Statutes, section 84.96, or lands adjacent to protected native prairie. A list of proposed land acquisitions must be provided as part of the required accomplishment plan.

**(b) Accelerating the Wildlife Management Area Acquisition - Phase IX**

\$5,603,000 the first year is to the commissioner of natural resources for an agreement with Pheasants Forever to acquire in fee and restore lands for wildlife management area purposes under Minnesota Statutes, section 86A.05, subdivision 8. Subject to evaluation criteria in Minnesota Rules, part 6136.0900, priority must be given to acquiring lands that are eligible for the native prairie bank under Minnesota Statutes, section 84.96, or lands adjacent to protected native prairie. A list of proposed land acquisitions must be provided as part of the required accomplishment plan.

**(c) Minnesota Prairie Recovery Project - Phase VII**

\$1,901,000 the first year is to the commissioner of natural resources for an agreement with The Nature Conservancy to acquire land in fee for native prairie, wetland, and savanna and to

restore and enhance grasslands, wetlands, and savanna. Subject to evaluation criteria in Minnesota Rules, part 6136.0900, priority must be given to acquiring lands that are eligible for the native prairie bank under Minnesota Statutes, section 84.96, or lands adjacent to protected native prairie. No later than 180 days after The Nature Conservancy's fiscal year ends, The Nature Conservancy must submit to the Lessard-Sams Outdoor Heritage Council annual income statements and balance sheets for income and expenses from land acquired with this appropriation. A list of proposed land acquisitions must be provided as part of the required accomplishment plan and must be consistent with the priorities identified in Minnesota Prairie Conservation Plan.

**(d) Northern Tallgrass Prairie National Wildlife Refuge Land Acquisition - Phase VIII**

\$2,683,000 the first year is to the commissioner of natural resources for an agreement with The Nature Conservancy in cooperation with the United States Fish and Wildlife Service to acquire land in fee or permanent conservation easements and restore lands in the Northern Tallgrass Prairie Habitat Preservation Area in western Minnesota for addition to the Northern Tallgrass Prairie National Wildlife Refuge. Subject to evaluation criteria in Minnesota Rules, part 6136.0900, priority must be given to acquiring lands that are eligible for the native prairie bank under Minnesota Statutes, section 84.96, or lands adjacent to protected native prairie. A list of proposed land acquisitions must be provided as part of the required accomplishment plan, and the acquisitions must be consistent with the priorities in Minnesota Prairie Conservation Plan.

**(e) Cannon River Headwaters Habitat Complex - Phase VII**

\$1,436,000 the first year is to the commissioner of natural resources for an agreement with The Trust for Public Land to acquire in fee and restore lands in the Cannon River watershed for wildlife management purposes under Minnesota Statutes, section 86A.05, subdivision 8. Subject to evaluation criteria in Minnesota Rules, part 6136.0900, priority must be given to acquiring lands that are eligible for the native prairie bank under Minnesota Statutes, section 84.96, or lands adjacent to protected native prairie. A list of proposed land acquisitions must be provided as part of the required accomplishment plan.

**(f) Accelerated Native Prairie Bank Protection - Phase VI**

\$2,481,000 the first year is to the commissioner of natural resources to acquire permanent conservation easements to implement the strategies in Minnesota Prairie Conservation Plan to protect and restore native prairie. Of this amount, up to \$140,000 is for establishing monitoring and enforcement funds as approved

in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. Subject to evaluation criteria in Minnesota Rules, part 6136.0900, priority must be given to acquiring lands that are eligible for the native prairie bank under Minnesota Statutes, section 84.96, or lands adjacent to protected native prairie. A list of permanent conservation easements must be provided as part of the final report.

**(g) Reinvest In Minnesota (RIM) Buffers for Wildlife and Water - Phase VII**

\$5,333,000 the first year is to the Board of Water and Soil Resources to restore habitat and acquire permanent conservation easements under Minnesota Statutes, section 103F.515, to protect, restore, and enhance habitat by expanding the riparian-buffer program of the clean water fund for at least equal wildlife benefits from buffers on private land. Of this amount, up to \$858,000 is for establishing a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. A list of permanent conservation easements must be provided as part of the final report.

**(h) Prairie Chicken Habitat Partnership of the Southern Red River Valley - Phase III**

\$1,908,000 the first year is to the commissioner of natural resources for an agreement with Pheasants Forever in cooperation with the Minnesota Prairie Chicken Society to acquire land in fee and restore and enhance lands in the southern Red River valley for wildlife management purposes under Minnesota Statutes, section 86A.05, subdivision 8, or to be designated and managed as waterfowl-production areas in Minnesota in cooperation with the United States Fish and Wildlife Service. Subject to evaluation criteria in Minnesota Rules, part 6136.0900, priority must be given to acquiring lands that are eligible for the native prairie bank under Minnesota Statutes, section 84.96, or lands adjacent to protected native prairie. A list of proposed land acquisitions must be provided as part of the required accomplishment plan.

**(i) Accelerated Prairie Restoration and Enhancement on DNR Lands - Phase IX**

\$3,950,000 the first year is to the commissioner of natural resources to accelerate restoration and enhancement of prairies, grasslands, and savannas on wildlife management areas, scientific and natural areas, native prairie bank land, bluff prairies on state

forest land in southeastern Minnesota, and United States Fish and Wildlife Service waterfowl-production area and refuge lands. A list of proposed land restorations and enhancements must be provided as part of the required accomplishment plan.

**(j) Anoka Sandplain Sand Plain Habitat Restoration and Enhancement - Phase V**

\$1,130,000 the first year is to the commissioner of natural resources for agreements to acquire permanent conservation easements and to restore and enhance wildlife habitat on public lands in ~~Anoka, Benton, Isanti, Morrison, and Stearns Counties~~ the Anoka Sand Plain ecoregion and intersecting minor watersheds as follows: \$41,000 is to the Anoka Conservation District, \$231,000 is to the Isanti County Soil and Water Conservation District, \$345,000 is to Great River Greening, \$163,000 is to the Stearns County Soil and Water Conservation District, and \$350,000 is to Minnesota Land Trust. Up to \$40,000 to Minnesota Land Trust is for establishing monitoring and enforcement funds as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. A list of proposed permanent conservation easements, restorations, and enhancements must be provided as part of the required accomplishment plan.

**EFFECTIVE DATE.** This section is effective retroactively from July 1, 2017.

ARTICLE 2  
CLEAN WATER FUND

Section 1. **CLEAN WATER FUND 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 clean water fund and are available for the fiscal years indicated for allowable activities under the Minnesota Constitution, article XI, section 15. The figures "2020" and "2021" used in this article mean that the appropriations listed under the figure 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. The appropriations in this article are onetime.

	<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>
Sec. 2. <b><u>CLEAN WATER</u></b>		
Subdivision 1. <b><u>Total Appropriation</u></b>	<b><u>\$126,959,000</u></b>	<b><u>\$134,302,000</u></b>

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

**Subd. 2. Availability of Appropriation**

Money appropriated in this article may not be spent on activities unless they are directly related to and necessary for a specific appropriation. Money appropriated in this article must be spent in accordance with Minnesota Management and Budget's Guidance to Agencies on Legacy Fund Expenditure. Notwithstanding Minnesota Statutes, section 16A.28, and unless otherwise specified in this article, fiscal year 2020 appropriations are available until June 30, 2021, and fiscal year 2021 appropriations are available until June 30, 2022. If a project receives federal funds, the period of the appropriation is extended to equal the availability of federal funding.

**Subd. 3. Disability Access**

Where appropriate, grant recipients of clean water funds, in consultation with the Council on Disability and other appropriate governor-appointed disability councils, boards, committees, and commissions, should make progress toward providing people with disabilities greater access to programs, print publications, and digital media related to the programs the recipient funds using appropriations made in this article.

**Sec. 3. DEPARTMENT OF AGRICULTURE****\$12,445,000****\$12,445,000**

(a) \$350,000 the first year and \$350,000 the second year are to increase monitoring for pesticides, pesticide degradates, microplastics, and nanoplastics in surface water and groundwater and to use data collected to assess pesticide use practices. By January 15, 2021, the commissioner must submit a report to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over agriculture, environment and natural resources, and the clean water fund detailing the results of the monitoring and assessment conducted under this paragraph and information on the pesticide monitoring conducted under Minnesota Statutes, section 18B.064.

(b) \$2,585,000 the first year and \$2,585,000 the second year are for monitoring and evaluating trends in the concentration of nitrate in groundwater in areas vulnerable to groundwater degradation; promoting, developing, and evaluating regional and crop-specific nutrient best management practices; assessing best management practice adoption; education and technical support from University of Minnesota Extension; grants to support agricultural demonstration and implementation activities; Rosholt Farm; and other actions to protect groundwater from degradation from nitrate. This appropriation is available until June 30, 2024.



(c) \$75,000 the first year and \$75,000 the second year are for administering clean water funds managed through the agriculture best management practices loan program. Any unencumbered balance at the end of the second year must be added to the corpus of the loan fund.

(d) \$50,000 the first year and \$50,000 the second year are for a research inventory database containing water-related research activities. Costs for information technology development or support for this research inventory database may be paid to the Office of MN.IT Services. This appropriation is available until June 30, 2024.

(e) \$3,000,000 the first year and \$3,000,000 the second year are to implement the Minnesota agricultural water quality certification program statewide. By January 15, 2021, the commissioner must submit a report to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over agriculture, environment and natural resources, and the clean water fund detailing the outcomes achieved by the program, including a comparison of state water quality goals and the impact the program has on meeting the goals. Funds appropriated in this paragraph are available until June 30, 2024.

(f) \$385,000 the first year and \$385,000 the second year are for a regional irrigation water quality specialist through University of Minnesota Extension, development and statewide expansion of the irrigation management assistant tool, irrigation education and outreach, and the Agricultural Weather Station Network.

(g) \$5,000,000 the first year and \$5,000,000 the second year are for grants for the Forever Green Agriculture Initiative to protect the state's natural resources while increasing the efficiency, profitability, and productivity of Minnesota farmers by reducing agricultural contributions to impaired waters through the incorporation of perennial and winter-annual crops into existing agricultural practices to protect and restore drinking water resources. Of this amount, \$2,500,000 each year is for grants to implement Forever Green crops or cropping systems. This appropriation is available until June 30, 2024.

(h) \$1,000,000 the first year and \$1,000,000 the second year are for testing private wells for pesticides, microplastics, and nanoplastics where nitrate is detected as part of the township testing program. This appropriation is available until June 30, 2024.

Sec. 4. **PUBLIC FACILITIES AUTHORITY**

**\$9,125,000**

**\$9,125,000**

(a) \$9,000,000 the first year and \$9,000,000 the second year are for the point source implementation grants program under Minnesota Statutes, section 446A.073. This appropriation is available until June 30, 2024.

(b) \$125,000 the first year and \$125,000 the second year are for small community wastewater treatment grants and loans under Minnesota Statutes, section 446A.075. This appropriation is available until June 30, 2024.

(c) If there is any uncommitted money at the end of each fiscal year under paragraph (a) or (b), the Public Facilities Authority may transfer the remaining funds to eligible projects under any of the programs listed in this section according to a project's priority rank on the Pollution Control Agency's project priority list.

Sec. 5. **POLLUTION CONTROL AGENCY**

**\$24,823,000**

**\$22,623,000**

(a) \$8,500,000 the first year and \$6,300,000 the second year are for completing needed statewide assessments of surface water quality and trends, including assessments for microplastics and nanoplastics, according to Minnesota Statutes, chapter 114D. By January 15, 2021, the commissioner must submit a report to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over environment and natural resources and the clean water fund detailing the outcomes achieved under this paragraph.

(b) \$8,050,000 the first year and \$8,050,000 the second year are to develop watershed restoration and protection strategies (WRAPS), which include total maximum daily load (TMDL) studies and TMDL implementation plans according to Minnesota Statutes, chapter 114D, for waters on the impaired waters list approved by the United States Environmental Protection Agency. The agency must complete an average of ten percent of the TMDLs each year over the biennium.

(c) \$1,500,000 the first year and \$1,500,000 the second year are for groundwater assessment, including assessments for microplastics and nanoplastics, enhancing the ambient monitoring network, modeling, evaluating trends, and reassessing groundwater that was assessed ten to 15 years ago and found to be contaminated.

(d) \$750,000 the first year and \$750,000 the second year are for implementing the St. Louis River System Area of Concern Remedial Action Plan.

(e) \$900,000 the first year and \$900,000 the second year are for national pollutant discharge elimination system wastewater and storm water TMDL implementation efforts.

(f) \$3,938,000 the first year and \$3,938,000 the second year are for enhancing the county-level delivery systems for subsurface sewage treatment system (SSTS) activities necessary to implement Minnesota Statutes, sections 115.55 and 115.56, for protecting groundwater, including base grants for all counties with SSTS

programs and competitive grants to counties with specific plans to significantly reduce water pollution by reducing the number of systems that are an imminent threat to public health or safety or are otherwise failing. Counties that receive base grants must report the number of sewage noncompliant properties upgraded through SSTS replacement, connection to a centralized sewer system, or other means, including property abandonment or buy-out. Counties also must report the number of existing SSTS compliance inspections conducted in areas under county jurisdiction. These required reports are to be part of established annual reporting for SSTS programs. Counties that conduct SSTS inventories or those with an ordinance in place that requires an SSTS to be inspected as a condition of transferring property or as a condition of obtaining a local permit must be given priority for competitive grants under this paragraph. Of this amount, \$1,500,000 each year is available to counties for grants to low-income landowners to address systems that pose an imminent threat to public health or safety or fail to protect groundwater. A grant awarded under this paragraph may not exceed \$40,000 for the biennium. A county receiving a grant under this paragraph must submit a report to the agency listing the projects funded, including an account of the expenditures. By January 15, 2021, the commissioner must submit a report to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over environment and natural resources and the clean water fund detailing the outcomes achieved under this paragraph and past appropriations from the clean water fund for this purpose.

(g) \$775,000 the first year and \$775,000 the second year are for a grant program for sanitary sewer projects that are included in the draft or any updated Voyageurs National Park Clean Water Project Comprehensive Plan to restore the water quality of waters in Voyageurs National Park. Grants must be awarded to local government units for projects approved by the Voyageurs National Park Clean Water Joint Powers Board and must be matched by at least 25 percent from sources other than the clean water fund.

(h) \$300,000 the first year and \$300,000 the second year are for activities, training, and grants that reduce chloride pollution. Of this amount, \$100,000 each year is for grants for upgrading or removing water-softening units at public facilities. This appropriation is available until June 30, 2023. Any unencumbered grant balances in the first year do not cancel but are available for grants in the second year.

(i) \$110,000 the first year and \$110,000 the second year are to support activities of the Clean Water Council according to Minnesota Statutes, section 114D.30, subdivision 1.

(j) The commissioner must develop protocols for testing groundwater and surface water for microplastics and nanoplastics to be used by agencies and departments required to monitor and

test for plastics under this article. For the purposes of this article, "microplastics" are small pieces of plastic debris in the environment resulting from the disposal and breakdown of consumer products and industrial waste that are less than five millimeters in length and "nanoplastics" are particles within a size ranging from 1 to 1000 nanometers that are unintentionally produced from the manufacture or degradation of plastic objects and that exhibit a colloidal behavior.

(k) Notwithstanding Minnesota Statutes, section 16A.28, the appropriations in this section are available until June 30, 2024.

Sec. 6. **DEPARTMENT OF NATURAL RESOURCES**

**\$11,076,000**

**\$11,076,000**

(a) \$2,200,000 the first year and \$2,200,000 the second year are for stream flow monitoring.

(b) \$1,250,000 the first year and \$1,250,000 the second year are for lake Index of Biological Integrity (IBI) assessments, including assessments for microplastics and nanoplastics. At least 50 percent of the assessments must be conducted in the seven-county metropolitan area and the cities of Rochester and Duluth.

(c) \$135,000 the first year and \$135,000 the second year are for assessing mercury, microplastics and nanoplastics, and other fish contaminants, including monitoring to track the status of impaired waters over time.

(d) \$2,016,000 the first year and \$2,016,000 the second year are for developing targeted, science-based watershed restoration and protection strategies.

(e) \$2,325,000 the first year and \$2,325,000 the second year are for water-supply planning, aquifer protection, and monitoring activities.

(f) \$1,200,000 the first year and \$1,200,000 the second year are for technical assistance to support local implementation of nonpoint source restoration and protection activities.

(g) \$700,000 the first year and \$700,000 the second year are for applied research and tools, including watershed hydrologic modeling; maintaining and updating spatial data for watershed boundaries, streams, and water bodies and integrating high-resolution digital elevation data; and assessing effectiveness of forestry best management practices for water quality.

(h) \$150,000 the first year and \$150,000 the second year are for developing county geologic atlases.

(i) \$100,000 the first year and \$100,000 the second year are for maintenance and updates to buffer maps and for technical guidance on interpreting buffer maps for local units of government

implementing buffer requirements. Maps must be provided to local units of government and made available to landowners on the Department of Natural Resources' website.

(j) \$1,000,000 the first year and \$1,000,000 the second year are to acquire permanent interests in lands in the Mississippi Headwaters Watershed to protect, enhance, and restore water quality, while preparing for climate change through the Minnesota forests for the future program under Minnesota Statutes, section 84.66.

Sec. 7. **BOARD OF WATER AND SOIL RESOURCES**

**\$56,269,000**

**\$63,269,000**

(a) \$14,711,000 the first year and \$14,711,000 the second year are for performance-based grants with multiyear implementation plans to local government units. The grants may be used to implement projects that protect, enhance, and restore surface water quality in lakes, rivers, and streams; protect groundwater from degradation; and protect drinking water sources. Projects must be identified in a comprehensive watershed plan developed under the One Watershed, One Plan or metropolitan surface water management frameworks or groundwater plans. Grant recipients must identify a nonstate match and may use other legacy funds to supplement projects funded under this paragraph.

(b) \$16,300,000 the first year and \$16,300,000 the second year are for grants to local government units to protect and restore surface water and drinking water; to keep water on the land; to protect, enhance, and restore water quality in lakes, rivers, and streams; and to protect groundwater and drinking water, including feedlot water quality and subsurface sewage treatment system projects and stream bank, stream channel, shoreline restoration, and ravine stabilization projects. The projects must use practices demonstrated to be effective, be of long-lasting public benefit, include a match, and be consistent with total maximum daily load (TMDL) implementation plans, watershed restoration and protection strategies (WRAPS), or local water management plans or their equivalents. A portion of this money may be used to seek administrative efficiencies through shared resources by multiple local governmental units. Of this appropriation, at least 20 percent is for land-conservation projects and practices that benefit drinking water.

(c) \$6,050,000 the first year and \$6,050,000 the second year are for accelerated implementation, including local resource protection, enhancement grants, and statewide analytical targeting tools that fill an identified gap, program enhancements for technical assistance, citizen and community outreach, compliance, and training and certification. By January 15, 2021, the commissioner must submit a report to the Clean Water Council and the chairs and ranking minority members of the house of representatives and

senate committees and divisions with jurisdiction over environment and natural resources and the clean water fund detailing the outcomes achieved with this appropriation.

(d) \$1,000,000 the first year and \$1,000,000 the second year are to provide state oversight and accountability, evaluate and communicate results, provide implementation tools, and measure the value of conservation program implementation by local governments, including submitting to the legislature by March 1 each even-numbered year a biennial report prepared by the board, in consultation with the commissioners of natural resources, health, agriculture, and the Pollution Control Agency, detailing the recipients, the projects funded under this section, and the amount of pollution reduced.

(e) \$2,500,000 the first year and \$2,500,000 the second year are to provide assistance, oversight, and grants for supporting local governments in implementing and complying with riparian protection and excessive soil loss requirements.

(f) \$4,875,000 the first year and \$4,875,000 the second year are to purchase, restore, or preserve riparian land adjacent to lakes, rivers, streams, and tributaries, by easements or contracts, to keep water on the land to decrease sediment, pollutant, and nutrient transport; reduce hydrologic impacts to surface waters; and increase infiltration for groundwater recharge. Up to \$507,000 is for deposit in a monitoring and enforcement account.

(g) \$5,000,000 the first year and \$5,000,000 the second year are for permanent conservation easements on wellhead protection areas under Minnesota Statutes, section 103F.515, subdivision 2, paragraph (d), or for grants to local units of government for fee title acquisition to permanently protect groundwater supply sources on wellhead protection areas. Priority must be placed on land that is located where the vulnerability of the drinking water supply is designated as high or very high by the commissioner of health, where drinking water protection plans have identified specific activities that will achieve long-term protection, and on lands with expiring Conservation Reserve Program contracts. Up to \$182,000 is for deposit in a monitoring and enforcement account.

(h) \$100,000 the first year and \$100,000 the second year are for a technical evaluation panel to conduct at least ten restoration evaluations under Minnesota Statutes, section 114D.50, subdivision 6.

(i) \$2,270,000 the first year and \$2,270,000 the second year are for assistance, oversight, and grants to local governments to transition local water management plans to a watershed approach as provided for in Minnesota Statutes, chapters 103B, 103C, 103D, and 114D.

(j) \$7,500,000 the second year is to purchase and restore permanent conservation sites via easements or contracts to treat and store water on the land for water quality improvement purposes and related technical assistance. This work may be done in cooperation with the United States Department of Agriculture with a first-priority use to accomplish a conservation reserve enhancement program, or equivalent, in the state. Up to \$397,000 is for deposit in a monitoring and enforcement account.

(k) \$1,750,000 the first year and \$1,750,000 the second year are to purchase permanent conservation easements to protect lands adjacent to public waters with good water quality but threatened with degradation. Up to \$338,000 is for deposit in a monitoring and enforcement account.

(l) \$213,000 the first year and \$213,000 the second year are for a program including grants and contracts to systematically collect data and produce county, watershed, and statewide estimates of soil erosion caused by water and wind along with tracking adoption of conservation measures, including cover crops, to address erosion. Up to \$175,000 each year is available for grants to or contracts with the University of Minnesota to complete this work.

(m) \$1,000,000 the first year and \$1,000,000 the second year are for grants or contracts to local, regional, or tribal government and nongovernmental organizations to increase citizen participation in implementing water quality projects and programs to increase long-term sustainability of water resources.

(n) \$500,000 the first year is for grants to enhance landowner adoption of cover crops in areas with direct benefits to public water supplies.

(o) The board must contract for delivery of services with Conservation Corps Minnesota for restoration, maintenance, and other activities under this section for up to \$500,000 the first year and up to \$500,000 the second year.

(p) The board may shift grant, cost-share, or easement funds in this section and may adjust the technical and administrative assistance portion of the funds to leverage federal or other nonstate funds or to address oversight responsibilities or high-priority drinking water needs.

(q) The board must require grantees to specify the outcomes that will be achieved by the grants before any grant awards.

(r) The appropriations in this section are available until June 30, 2024, except grant funds are available for five years after the date a grant is executed. Returned grant funds must be regranted consistent with the purposes of this section.

Sec. 8. **DEPARTMENT OF HEALTH****\$8,822,000****\$12,764,000**

(a) \$3,300,000 the first year and \$7,242,000 the second year are for addressing public health concerns related to contaminants found in Minnesota drinking water for which no health-based drinking water standards exist; for developing and adopting at least eight health risk limits consistent with Minnesota Statutes, section 144.0751; for improving the department's capacity to monitor the water quality of drinking water sources, including establishing and implementing water quality monitoring protocols for surface waters used as a drinking water source; to develop interventions to improve water quality; and for the department's laboratory to analyze unregulated contaminants. By January 15, 2020, the commissioner of health must submit a preliminary report to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over health policy and environment and natural resources finance and policy that identifies the health risk limits to be developed, the water quality monitoring protocols to be implemented, the surface waters to be tested, and the list of contaminants to be tested for. A final report detailing the outcomes of this appropriation and recommendations must be submitted by the commissioner to the chairs and ranking minority members by January 15, 2022.

(b) \$2,747,000 the first year and \$2,747,000 the second year are for protecting drinking water sources.

(c) \$250,000 the first year and \$250,000 the second year are for cost-share assistance to public and private well owners for up to 50 percent of the cost of sealing unused wells.

(d) \$650,000 the first year and \$650,000 the second year are to develop and deliver groundwater restoration and protection strategies on a watershed scale for use in local comprehensive water planning efforts, to provide resources to local governments for activities that protect sources of drinking water, and to enhance approaches that improve the capacity of local governmental units to protect and restore groundwater resources.

(e) \$1,000,000 the first year and \$1,000,000 the second year are for studying the occurrence and magnitude of contaminants in private wells, including microplastics and nanoplastics, and developing guidance, outreach, and interventions to reduce risks to private-well owners.

(f) \$250,000 the first year and \$250,000 the second year are for evaluating and addressing the risks from viruses, bacteria, and protozoa in groundwater supplies and for evaluating land uses that may contribute to contamination of public water systems with these pathogens.



(g) \$350,000 the first year and \$350,000 the second year are to develop public health policies and an action plan to address threats to safe drinking water, including development of a statewide plan for protecting drinking water.

(h) \$275,000 the first year and \$275,000 the second year are to create a road map for water reuse implementation in Minnesota and to address research gaps by studying Minnesota water reuse systems.

(i) Unless otherwise specified, the appropriations in this section are available until June 30, 2023.

Sec. 9. **METROPOLITAN COUNCIL**

**\$2,890,000**

**\$1,500,000**

(a) \$1,000,000 the first year and \$1,000,000 the second year are to implement projects that address emerging threats to the drinking water supply, provide cost-effective regional solutions, leverage interjurisdictional coordination, support local implementation of water supply reliability projects, and prevent degradation of groundwater resources in the metropolitan area. These projects will provide communities with:

(1) potential solutions to leverage regional water use by using surface water, storm water, wastewater, and groundwater;

(2) an analysis of infrastructure requirements for different alternatives;

(3) development of planning-level cost estimates, including capital costs and operating costs;

(4) identification of funding mechanisms and an equitable cost-sharing structure for regionally beneficial water supply development projects; and

(5) development of subregional groundwater models.

(b) \$500,000 the first year and \$500,000 the second year are for the water demand reduction grant program to encourage municipalities in the metropolitan area to implement measures to reduce water demand to ensure the reliability and protection of drinking water supplies.

(c) \$1,390,000 the first year is for grants or loans for local inflow and infiltration reduction programs addressing high-priority areas in the metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2.

Sec. 10. UNIVERSITY OF MINNESOTA\$1,500,000\$1,500,000

(a) \$500,000 the first year and \$500,000 the second year are for developing county geologic atlases. This appropriation is available until June 30, 2026.

(b) \$750,000 the first year and \$750,000 the second year are for a program to evaluate performance and technology transfer for municipal storm water best management practices, to evaluate best management performance and effectiveness to support meeting total maximum daily loads, to develop standards and incorporate state-of-the-art guidance using minimal impact design standards as the model, and to implement a system to transfer knowledge and technology across local government, industry, and regulatory sectors. This appropriation is available until June 30, 2026.

(c) \$250,000 the first year and \$250,000 the second year are to increase the efficacy and cost-effectiveness of nutrient reduction strategies by developing comprehensive carp management programs and documenting their effectiveness.

Sec. 11. LEGISLATURE\$9,000\$-0-

\$9,000 the first year is for the Legislative Coordinating Commission for the website required under Minnesota Statutes, section 3.303, subdivision 10.

Sec. 12. Minnesota Statutes 2018, section 114D.30, is amended by adding a subdivision to read:

Subd. 8. **Legislative oversight.** The chairs of the house of representatives and senate committees and divisions with jurisdiction over the environment and natural resources finance and the clean water fund must convene a joint hearing to review the activities and evaluate the effectiveness of the Clean Water Council and to receive reports on the council from the legislative auditor no later than June 30, 2020, and every four years thereafter.

ARTICLE 3  
CLEAN WATER LEGACY ACT MODIFICATIONS

Section 1. Minnesota Statutes 2018, section 103B.3369, subdivision 5, is amended to read:

Subd. 5. **Financial assistance.** A base grant may be awarded to a county that provides a match utilizing a water implementation tax or other local source. A water implementation tax that a county intends to use as a match to the base grant must be levied at a rate sufficient to generate a minimum amount determined by the board. The board may award performance-based, watershed-based, or program-based grants or other financial assistance to local units of government that are responsible for implementing elements of applicable portions of watershed management plans, comprehensive plans, local water management plans, or comprehensive watershed management plans, developed or amended, adopted and approved, according to chapter 103B, 103C, or 103D. Upon request by a local government unit, the board may also award performance-based grants to local units of government to carry out TMDL implementation plans as provided in chapter 114D, if the TMDL implementation plan has been incorporated into the local water management plan according to the procedures for approving comprehensive plans, watershed management plans, local water management plans, or comprehensive watershed management plans under chapter 103B, 103C, or 103D, or if the TMDL implementation plan has undergone a public review process.

Notwithstanding section 16A.41, the board may award performance-based, watershed-based, or program-based grants or other financial assistance on an advanced basis and may prescribe the amount of local match required. The fee authorized in section 40A.152 may be used as a local match or as a supplement to state funding to accomplish implementation of comprehensive plans, watershed management plans, local water management plans, or comprehensive watershed management plans under this chapter and chapter 103C or 103D. Performance measures must be included in grant work plans. The board may enter into intergovernmental agreements to provide funding for water management to local governments.

Sec. 2. Minnesota Statutes 2018, section 103B.3369, subdivision 9, is amended to read:

Subd. 9. **Performance-based Criteria.** (a) The board ~~shall~~ must develop and ~~utilize~~ use performance-based criteria for local water resources restoration, protection, and management programs and projects. The criteria may include but are not limited to science-based assessments, organizational capacity, priority resource issues, community outreach and support, partnership potential, potential for multiple benefits, and program and project delivery efficiency and effectiveness.

(b) Notwithstanding paragraph (a), the board may develop and use eligibility criteria for state grants or other financial assistance provided to local governments.

Sec. 3. Minnesota Statutes 2018, section 103B.801, subdivision 2, is amended to read:

Subd. 2. **Program purposes.** The purposes of the comprehensive watershed management plan program under section 103B.101, subdivision 14, paragraph (a), are to:

(1) align local water planning purposes and procedures under this chapter and chapters 103C and 103D on watershed boundaries to create a systematic, watershed-wide, science-based approach to watershed management;

(2) acknowledge and build off existing local government structure, water plan services, and local capacity;

(3) incorporate and make use of data and information, including watershed restoration and protection strategies under section 114D.26, which may serve to fulfill all or some of the requirements under chapter 114D;

(4) solicit input and engage experts from agencies, citizens, and stakeholder groups;

(5) focus on implementation of prioritized and targeted actions capable of achieving measurable progress; ~~and~~

(6) serve as a substitute for a comprehensive plan, local water management plan, or watershed management plan developed or amended, approved, and adopted, according to this chapter or chapter 103C or 103D; and

(7) protect sensitive groundwater areas as defined in section 103F.511, subdivision 9, and be considered and acknowledged by the commissioner of health as providing wellhead protection measures and supporting wellhead protection planning where relevant.

Sec. 4. Minnesota Statutes 2018, section 103B.801, subdivision 4, is amended to read:

Subd. 4. **Plan content.** The board shall develop policies for required comprehensive watershed management plan content consistent with comprehensive local water management planning. To ensure effectiveness and accountability in meeting the purposes of subdivision 2, plan content must include, at a minimum:

(1) an analysis and prioritization of issues and resource concerns;

(2) measurable goals to address the issues and concerns, including but not limited to:

(i) restoration, protection, and preservation of drinking water sources and natural surface water and groundwater storage and retention systems;

(ii) minimization of public capital expenditures needed to correct flooding and water quality problems;

(iii) restoration, protection, and improvement of surface water and groundwater quality;

(iv) establishment of more uniform local policies and official controls for surface water and groundwater management;

(v) identification of priority areas for wetland enhancement, restoration, and establishment;

(vi) identification of priority areas for riparian zone management and buffers;

(vii) prevention of erosion and soil transport into surface water systems;

(viii) promotion of groundwater recharge;

(ix) protection and enhancement of fish and wildlife habitat and water recreational facilities; and

(x) securing other benefits associated with the proper management of surface water and groundwater;

(3) a targeted implementation schedule describing at a minimum the actions, locations, timeline, estimated costs, method of measurement, and identification of roles and responsible government units;

(4) a description of implementation programs, including how the implementation schedule will be achieved and how the plan will be administered and coordinated between local water management responsibilities; and

(5) a land and water resource inventory.

Sec. 5. Minnesota Statutes 2018, section 103B.801, subdivision 5, is amended to read:

Subd. 5. **Timelines; administration.** (a) The board shall develop and adopt, by June 30, 2016, a transition plan for development, approval, adoption, and coordination of plans consistent with section 103A.212. The transition plan must include a goal of completing statewide transition to comprehensive watershed management plans by 2025. The metropolitan area may be considered for inclusion in the transition plan. The board may amend the transition plan no more than once every two years.

(b) The board may use the authority under section 103B.3369, subdivision 9, to support development or implementation of a comprehensive watershed management plan under this section.

Sec. 6. Minnesota Statutes 2018, section 114D.15, is amended by adding a subdivision to read:

Subd. 3a. **Comprehensive local water management plan.** "Comprehensive local water management plan" has the meaning given under section 103B.3363, subdivision 3.

Sec. 7. Minnesota Statutes 2018, section 114D.15, is amended by adding a subdivision to read:

Subd. 3b. **Comprehensive watershed management plan.** "Comprehensive watershed management plan" has the meaning given under section 103B.3363, subdivision 3a.

Sec. 8. Minnesota Statutes 2018, section 114D.15, subdivision 7, is amended to read:

~~Subd. 7. **Restoration.** "Restoration" means actions, including effectiveness monitoring, that are taken to pursue, achieve, and maintain water quality standards for impaired waters in accordance with a TMDL that has been approved by the United States Environmental Protection Agency under federal TMDL requirements.~~

Sec. 9. Minnesota Statutes 2018, section 114D.15, subdivision 11, is amended to read:

Subd. 11. **TMDL implementation plan.** "TMDL implementation plan" means a document detailing restoration strategies or activities needed to meet the approved TMDL's TMDL pollutant load allocations for point and nonpoint sources. This could include a WRAPS, a comprehensive watershed management plan, a comprehensive local water management plan, or another document or strategy that the commissioner of the Pollution Control Agency determines to be, in whole or in part, sufficient to provide reasonable assurance of achieving applicable water quality standards.

Sec. 10. Minnesota Statutes 2018, section 114D.15, subdivision 13, is amended to read:

~~Subd. 13. **Watershed restoration and protection strategy or WRAPS.** "Watershed restoration and protection strategy" or "WRAPS" means a document summarizing scientific studies of a major watershed no larger than at approximately a hydrologic unit code 8 including the physical, chemical, and biological assessment of the water quality of the watershed; identification of impairments and water bodies in need of protection; identification of biotic stressors and sources of pollution, both point and nonpoint; TMDLs for the impairments; and an implementation table containing scale with strategies and actions designed to achieve and maintain water quality standards and goals.~~

Sec. 11. Minnesota Statutes 2018, section 114D.20, subdivision 2, is amended to read:

Subd. 2. **Goals for implementation.** The following goals must guide the implementation of this chapter:

~~(1) to identify impaired waters in accordance with federal TMDL requirements within ten years after May 23, 2006, and thereafter to ensure continuing evaluation of surface waters for impairments;~~

~~(2) to submit TMDLs to the United States Environmental Protection Agency for all impaired waters in a timely manner in accordance with federal TMDL requirements;~~

~~(3) to set a reasonable time inform and support strategies for implementing restoration of each identified impaired water and protection activities with the goal that all waters will have achieved the designated uses applicable to those waters by 2040;~~

~~(4) to systematically evaluate waters, to provide assistance and incentives to prevent waters from becoming impaired, and to improve the quality of waters that are listed as impaired but do not have an approved TMDL addressing the impairment;~~

~~(5) to promptly seek the delisting of waters from the impaired waters list when those waters are shown to achieve the designated uses applicable to the waters;~~

(6) to achieve compliance with federal Clean Water Act requirements in Minnesota;

(7) to support effective measures to prevent the degradation of groundwater according to the groundwater degradation prevention goal under section 103H.001; and

(8) to support effective measures to restore degraded groundwater.

Sec. 12. Minnesota Statutes 2018, section 114D.20, subdivision 3, is amended to read:

Subd. 3. **Implementation policies.** The following policies must guide the implementation of this chapter:

(1) develop regional ~~and, multiple pollutant, or watershed TMDLs and TMDL implementation plans, and TMDLs and TMDL implementation plans for multiple pollutants or WRAPSs,~~ where reasonable and feasible;

(2) maximize use of available organizational, technical, and financial resources to perform sampling, monitoring, and other activities to identify degraded groundwater and impaired waters, including use of citizen monitoring and citizen monitoring data used by the Pollution Control Agency in assessing water quality that meets the requirements ~~in Appendix D of the Volunteer Surface Water Monitoring Guide, Minnesota established by the commissioner of the Pollution Control Agency (2003);~~

(3) maximize opportunities for restoration of degraded groundwater and impaired waters, by prioritizing and targeting of available programmatic, financial, and technical resources and by providing additional state resources to complement and leverage available resources;

(4) use existing regulatory authorities to achieve restoration for point and nonpoint sources of pollution where applicable, and promote the development and use of effective nonregulatory measures to address pollution sources for which regulations are not applicable;

(5) use restoration methods that have a demonstrated effectiveness in reducing impairments and provide the greatest long-term positive impact on water quality protection and improvement and related conservation benefits while incorporating innovative approaches on a case-by-case basis;

(6) identify for the legislature any innovative approaches that may strengthen or complement existing programs;

(7) identify and encourage implementation of measures to prevent surface waters from becoming impaired and to improve the quality of waters that are listed as impaired but have no approved TMDL addressing the impairment using the best available data and technology, and establish and report outcome-based performance measures that monitor the progress and effectiveness of protection and restoration measures;

(8) monitor and enforce cost-sharing contracts and impose monetary damages in an amount up to 150 percent of the financial assistance received for failure to comply; and

(9) identify and encourage implementation of measures to prevent groundwater from becoming degraded and measures that restore groundwater resources.

Sec. 13. Minnesota Statutes 2018, section 114D.20, subdivision 5, is amended to read:

Subd. 5. **Priorities for scheduling and preparing WRAPSs and TMDLs.** The commissioner of the Pollution Control Agency must seek recommendations from the Clean Water Council ~~shall recommend,~~ the commissioners of natural resources, health, and agriculture, and the Board of Water and Soil Resources regarding priorities for scheduling and preparing WRAPSs and TMDLs and TMDL implementation plans, taking into account the severity,

Recommendations must consider the causes of the impairment impairments, the designated uses of those the waters, and other applicable federal TMDL requirements. In recommending priorities, the council shall also give consideration to, surface water and groundwater interactions, protection of high-quality waters, waters and watersheds with declining water quality trends, and waters used as drinking water sources. Furthermore, consideration must be given to waters and watersheds:

- (1) ~~with impairments~~ that ~~pose~~ have the greatest potential risk to human health;
- (2) ~~with impairments~~ that ~~pose~~ have the greatest potential risk to threatened or endangered species;
- (3) ~~with impairments~~ that ~~pose~~ have the greatest potential risk to aquatic health;

(4) where other public agencies and participating organizations and individuals, especially local, ~~basinwide~~ basin-wide, watershed, or regional agencies or organizations, have demonstrated readiness to assist in carrying out the responsibilities, including availability and organization of human, technical, and financial resources necessary to undertake the work; and

(5) where there is demonstrated coordination and cooperation among cities, counties, watershed districts, and soil and water conservation districts in planning and implementation of activities that will assist in carrying out the responsibilities.

Sec. 14. Minnesota Statutes 2018, section 114D.20, subdivision 7, is amended to read:

Subd. 7. **Priorities for funding prevention actions.** The Clean Water Council shall apply the priorities applicable under subdivision 6, as far as practicable, when recommending priorities for funding actions to prevent groundwater and surface waters from becoming degraded or impaired and to improve the quality of surface waters that are listed as impaired ~~but do not have an approved TMDL.~~

Sec. 15. Minnesota Statutes 2018, section 114D.20, is amended by adding a subdivision to read:

Subd. 8. **Alternatives; TMDL, TMDL implementation plan, or WRAPS.** (a) If the commissioner of the Pollution Control Agency determines that a comprehensive watershed management plan or comprehensive local water management plan contains information that is sufficient and consistent with guidance from the United States Environmental Protection Agency under section 303(d) of the federal Clean Water Act, the commissioner may submit the plan to the Environmental Protection Agency according to federal TMDL requirements as an alternative to developing a TMDL after consultation with affected national pollutant discharge elimination system (NPDES) permit holders.

(b) A TMDL implementation plan or a WRAPS, or portions thereof, are not needed for waters or watersheds when the commissioner of the Pollution Control Agency determines that a comprehensive watershed management plan, a comprehensive local water management plan, or a statewide or regional strategy published by the Pollution Control Agency meets the definition in section 114D.15, subdivision 11 or 13.

(c) The commissioner of the Pollution Control Agency may request that the Board of Water and Soil Resources conduct an evaluation of the implementation efforts under a comprehensive watershed management plan or comprehensive local water management plan when the commissioner makes a determination under paragraph (b). The board must conduct the evaluation in accordance with section 103B.102.

(d) The commissioner of the Pollution Control Agency may amend or revoke a determination made under paragraph (a) or (b) after considering the evaluation conducted under paragraph (c).

Sec. 16. Minnesota Statutes 2018, section 114D.20, is amended by adding a subdivision to read:

**Subd. 9. Coordinating municipal and local water quality activities.** A project, practice, or program for water quality improvement or protection that is conducted by a watershed management organization or a local government unit with a comprehensive watershed management plan or other water management plan approved according to chapter 103B, 103C, or 103D may be considered by the commissioner of the Pollution Control Agency as contributing to the requirements of a storm water pollution prevention program (SWPPP) for a municipal separate storm sewer systems (MS4) permit unless the project, practice, or program was previously documented as contributing to a different SWPPP for an MS4 permit. The commissioner of health may determine that a comprehensive watershed management plan or a comprehensive local water management plan, in whole or in part, is sufficient to fulfill the requirements of wellhead protection plans.

Sec. 17. Minnesota Statutes 2018, section 114D.26, is amended to read:

**114D.26 WATERSHED RESTORATION AND PROTECTION STRATEGIES.**

Subdivision 1. **Contents.** (a) The commissioner of the Pollution Control Agency shall develop watershed restoration and protection strategies. ~~To ensure effectiveness and accountability in meeting the goals of this chapter, for the purposes of:~~

(1) summarizing the physical, chemical, and biological assessment of the water quality of the watershed;

(2) quantifying impairments and risks to water quality;

(3) describing the causes of impairments and pollution sources;

(4) consolidating TMDLs in a major watershed; and

(5) informing comprehensive local water management plans and comprehensive watershed management plans.

(b) Each WRAPS shall ~~shall~~ must:

(1) identify impaired waters and waters in need of protection;

(2) identify biotic stressors causing impairments or threats to water quality;

(3) summarize ~~TMDLs, watershed modeling outputs, and resulting pollution load allocations, wasteload allocations, and priority areas for targeting actions to improve water quality~~ ~~identify areas with high pollutant-loading rates;~~

(4) ~~identify point sources of pollution for which a national pollutant discharge elimination system permit is required under section 115.03;~~

(5) ~~identify nonpoint sources of pollution for which a national pollutant discharge elimination system permit is not required under section 115.03, with sufficient specificity to prioritize and geographically locate watershed restoration and protection actions;~~

(6) ~~describe the current pollution loading and load reduction needed for each source or source category to meet water quality standards and goals, including wasteload and load allocations from TMDLs;~~



~~(7) contain a plan for ongoing~~ (4) in consultation with local governments and other state agencies, identify water quality monitoring needed to fill data gaps, determine changing conditions, and or gauge implementation effectiveness; and

~~(8) (5) contain an implementation table of strategies and actions that are capable of cumulatively achieving needed pollution load reductions for point and nonpoint sources, including~~ identifying:

(i) water quality parameters of concern;

(ii) current water quality conditions;

(iii) water quality goals, strategies, and targets by parameter of concern; and

(iv) strategies and actions by parameter of concern and an example of the scale of adoptions needed for each; with a timeline to meet the water quality restoration or protection goals of this chapter.

~~(v) a timeline for achievement of water quality targets;~~

~~(vi) the governmental units with primary responsibility for implementing each watershed restoration or protection strategy; and~~

~~(vii) a timeline and interim milestones for achievement of watershed restoration or protection implementation actions within ten years of strategy adoption.~~

Subd. 1a. **Coordination.** To ensure effectiveness, efficiency, and accountability in meeting the goals of this chapter, the commissioner of the Pollution Control Agency, in consultation with the Board of Water and Soil Resources and local government units, must coordinate the schedule, budget, scope, and use of a WRAPS and related documents and processes.

Subd. 2. **Reporting.** Beginning July 1, 2016, and every other year thereafter, the commissioner of the Pollution Control Agency must report on its the agency's website the progress toward implementation milestones and water quality goals for all adopted TMDLs and, where available, WRAPSs.

Subd. 3. **Timelines; administration.** Each year, (a) The commissioner of the Pollution Control Agency must complete WRAPSs for at least ten percent of watershed restoration and protection strategies for the state's major watersheds. WRAPS shall be by June 30, 2023, unless the commissioner determines that a comprehensive watershed management plan or comprehensive local water management plan, in whole or in part, meets the definition in section 114D.15, subdivision 11 or 13. As needed, the commissioner must update the strategies, in whole or in part, after consulting with the Board of Water and Soil Resources and local government units.

(b) Watershed restoration and protection strategies are governed by the procedures for approval and notice in section 114D.25, subdivisions 2 and 4, except that WRAPS the strategies need not be submitted to the United States Environmental Protection Agency.

Sec. 18. Minnesota Statutes 2018, section 114D.35, subdivision 1, is amended to read:

Subdivision 1. **Public and stakeholder participation.** (a) Public agencies and private entities involved in the implementation of implementing this chapter shall must encourage participation by the public and stakeholders, including local citizens, landowners and, land managers, and public and private organizations, in identifying impaired waters, in developing TMDLs, in planning, priority setting, and implementing restoration of impaired waters, in identifying degraded groundwater, and in protecting and restoring groundwater resources.

(b) In particular, the ~~commissioner of the~~ Pollution Control Agency ~~shall~~ must make reasonable efforts to provide timely information to the public and to stakeholders about impaired waters that have been identified by the agency. ~~The agency shall seek broad and early public and stakeholder participation in scoping the activities necessary to develop a TMDL, including the scientific models, methods, and approaches to be used in TMDL development, and to implement restoration pursuant to section 114D.15, subdivision 7 and to inform and consult with the public and stakeholders in developing a WRAPS or TMDL.~~

(c) Public agencies and private entities using public funds that are involved in implementing restoration and protection identified in a comprehensive watershed management plan or comprehensive local water management plan must make efforts to inform, consult, and involve the public and stakeholders.

(d) The commissioner of the Pollution Control Agency and the Board of Water and Soil Resources must coordinate public and stakeholder participation in consultation with local government units. To the extent practicable, implementation of this chapter must be accomplished in cooperation with local, state, federal, and tribal governments and private-sector organizations.

Sec. 19. Minnesota Statutes 2018, section 114D.35, subdivision 3, is amended to read:

Subd. 3. **Education.** The Clean Water Council ~~shall~~ must develop strategies for informing, educating, and encouraging the participation of citizens, stakeholders, and others regarding ~~the identification of impaired waters, development of TMDLs, development of TMDL implementation plans, implementation of restoration for impaired waters, identification of degraded groundwater, and protection and restoration of groundwater resources~~ this chapter. Public agencies ~~shall be~~ are responsible for implementing the strategies.

Sec. 20. **[114D.47] NONPOINT FUNDING ALTERNATIVE.**

Notwithstanding section 114D.50, subdivision 3a, the Board of Water and Soil Resources may, by board order, establish alternative timelines or content for the priority funding plan for nonpoint sources under section 114D.50, subdivision 3a, and may use information from comprehensive watershed management plans or comprehensive local water management plans to estimate or summarize costs.

ARTICLE 4  
PARKS AND TRAILS FUND

Section 1. **PARKS AND TRAILS FUND 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 parks and trails 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 the figure 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. All appropriations in this article are onetime.

	<u><b>APPROPRIATIONS</b></u>	
	<u><b>Available for the Year</b></u>	
	<u><b>Ending June 30</b></u>	
	<u><b>2020</b></u>	<u><b>2021</b></u>
Sec. 2. <u><b>PARKS AND TRAILS</b></u>		
Subdivision 1. <u><b>Total Appropriation</b></u>	<u><b>\$50,053,000</b></u>	<u><b>\$51,204,000</b></u>

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

**Subd. 2. Availability of Appropriation**

Money appropriated in this article may not be spent on activities unless they are directly related to and necessary for a specific appropriation. Money appropriated in this article must be spent in accordance with Minnesota Management and Budget's Guidance to Agencies on Legacy Fund Expenditure. Notwithstanding Minnesota Statutes, section 16A.28, and unless otherwise specified in this article, fiscal year 2020 appropriations are available until June 30, 2022, and fiscal year 2021 appropriations are available until June 30, 2023. If a project receives federal funds, the period of the appropriation is extended to equal the availability of federal funding.

**Subd. 3. Disability Access**

Where appropriate, grant recipients of parks and trails funds, in consultation with the Council on Disability and other appropriate governor-appointed disability councils, boards, committees, and commissions, should make progress toward providing people with disabilities greater access to programs, print publications, and digital media related to the programs the recipient funds using appropriations made in this article.

**Sec. 3. DEPARTMENT OF NATURAL RESOURCES****\$30,229,000****\$30,927,000**

(a) \$19,820,000 the first year and \$20,277,000 the second year are for state parks, recreation areas, and trails to:

(1) connect people to the outdoors;

(2) acquire land and create opportunities;

(3) maintain existing holdings; and

(4) improve cooperation by coordinating with partners to implement the 25-year long-range parks and trails legacy plan.

(b) \$9,910,000 the first year and \$10,139,000 the second year are for grants for parks and trails of regional significance outside the seven-county metropolitan area under Minnesota Statutes, section 85.535. The grants awarded under this paragraph must be based on the lists of recommended projects submitted to the legislative committees under Minnesota Statutes, section 85.536, subdivision 10, from the Greater Minnesota Regional Parks and Trails Commission established under Minnesota Statutes, section 85.536. Grants funded under this paragraph must support parks and trails of regional or statewide significance that meet the applicable definitions and criteria for regional parks and trails contained in the Greater Minnesota Regional Parks and Trails Strategic Plan adopted by the Greater Minnesota Regional Parks and Trails

Commission on April 22, 2015. Grant recipients identified under this paragraph must submit a grant application to the commissioner of natural resources. Up to 2.5 percent of the appropriation may be used by the commissioner for the actual cost of issuing and monitoring the grants for the commission. Of the amount appropriated, \$450,000 the first year and \$450,000 the second year are for the Greater Minnesota Regional Parks and Trails Commission to carry out its duties under Minnesota Statutes, section 85.536, including the continued development of a statewide system plan for regional parks and trails outside the seven-county metropolitan area.

(c) By January 15, 2020, the Greater Minnesota Regional Parks and Trails Commission must submit a list of projects that contains the commission's recommendations for funding from the parks and trails fund for fiscal year 2021 to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over the environment and natural resources and the parks and trails fund.

(d) By January 15, 2020, the Greater Minnesota Regional Parks and Trails Commission must submit a report that contains the commission's criteria for funding from the parks and trails fund, including the criteria used to determine if a park or trail is of regional significance, to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over the environment and natural resources and the parks and trails fund.

(e) \$499,000 the first year and \$511,000 the second year are for coordination and projects between the department, the Metropolitan Council, and the Greater Minnesota Regional Parks and Trails Commission; enhanced web-based information for park and trail users; and support of activities of the Parks and Trails Legacy Advisory Committee.

(f) The commissioner must contract for services with Conservation Corps Minnesota for restoration, maintenance, and other activities under this section for at least \$1,000,000 the first year and \$1,000,000 the second year.

(g) The implementing agencies receiving appropriations under this section must give consideration to contracting with Conservation Corps Minnesota for restoration, maintenance, and other activities.

Sec. 4. **METROPOLITAN COUNCIL**

**\$19,820,000**

**\$20,277,000**

(a) \$19,820,000 the first year and \$20,277,000 the second year are for distribution according to Minnesota Statutes, section 85.53, subdivision 3.

(b) Money appropriated under this section and distributed to implementing agencies must be used only to fund the list of projects approved by the elected representatives of each of the metropolitan parks implementing agencies. Projects funded by the money appropriated under this section must be substantially consistent with the project descriptions and dollar amounts approved by each elected body. Any money remaining after completing the listed projects may be spent by the implementing agencies on projects to support parks and trails.

(c) Grant agreements entered into by the Metropolitan Council and recipients of money appropriated under this section must ensure that the money is used to supplement and not substitute for traditional sources of funding.

(d) The implementing agencies receiving appropriations under this section must give consideration to contracting with Conservation Corps Minnesota for restoration, maintenance, and other activities.

Sec. 5. **LEGISLATURE**

**\$4,000**

**\$-0-**

\$4,000 the first year is for the Legislative Coordinating Commission for the website required under Minnesota Statutes, section 3.303, subdivision 10.

Sec. 6. **ST. LOUIS AND LAKE COUNTIES REGIONAL RAILROAD AUTHORITY; GRANT EXTENSION.**

The portion of the fiscal year 2017 appropriation from the parks and trails fund from Laws 2015, First Special Session chapter 2, article 3, section 3, paragraph (b), designated for a grant to the St. Louis and Lake Counties Regional Railroad Authority for a segment of the Mesabi Trail is available until June 30, 2021.

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

ARTICLE 5  
ARTS AND CULTURAL HERITAGE FUND

Section 1. **ARTS AND CULTURAL HERITAGE FUND APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the entities and for the purposes specified in this article. The appropriations are from the arts and cultural heritage fund and are available for the fiscal years indicated for allowable activities under the Minnesota Constitution, article XI, section 15. The figures "2020" and "2021" used in this article mean that the appropriations listed under the figure are available for the fiscal year ending June 30, 2020, and 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. All appropriations in this article are onetime.

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

**2020**

**2021**

Sec. 2. **ARTS AND CULTURAL HERITAGE**

Subdivision 1. **Total Appropriation**

**\$69,254,000**

**\$70,518,000**

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

**Subd. 2. Availability of Appropriation**

Money appropriated in this article may not be spent on activities unless they are directly related to and necessary for a specific appropriation. Money appropriated in this article must not be spent on institutional overhead charges that are not directly related to and necessary for a specific appropriation. Money appropriated in this article must be spent in accordance with Minnesota Management and Budget's Guidance to Agencies on Legacy Fund Expenditures. Notwithstanding Minnesota Statutes, section 16A.28, and unless otherwise specified in this article, fiscal year 2020 appropriations are available until June 30, 2021, and fiscal year 2021 appropriations are available until June 30, 2022. If a project receives federal funds, the period of the appropriation is extended to equal the availability of federal funding.

**Subd. 3. Minnesota State Arts Board**

32,550,000

33,143,000

(a) These amounts are appropriated to the Minnesota State Arts Board for arts, arts education, arts preservation, and arts access. Grant agreements entered into by the Minnesota State Arts Board and other recipients of appropriations in this subdivision must ensure that these funds are used to supplement and not substitute for traditional sources of funding. Each grant program established in this appropriation must be separately administered from other state appropriations for program planning and outcome measurements, but may take into consideration other state resources awarded in the selection of applicants and grant award size.

**(b) Arts and Arts Access Initiatives**

\$26,040,000 the first year and \$26,514,000 the second year are to support Minnesota artists and arts organizations in creating, producing, and presenting high-quality arts activities; to preserve, maintain, and interpret art forms and works of art so that they are accessible to Minnesota audiences; to overcome barriers to accessing high-quality arts activities; and to instill the arts into the community and public life in this state.

**(c) Arts Education**

\$4,883,000 the first year and \$4,971,000 the second year are for high-quality, age-appropriate arts education for Minnesotans of all ages to develop knowledge, skills, and understanding of the arts.

**(d) Arts and Cultural Heritage**

\$1,627,000 the first year and \$1,658,000 the second year are for events and activities that represent, preserve, and maintain the diverse cultural arts traditions, including folk and traditional artists and art organizations, represented in this state.

(e) Up to \$2,960,000 of the funds appropriated in paragraphs (b) to (d) may be used by the board for administering grant programs, delivering technical services, providing fiscal oversight for the statewide system, and ensuring accountability in fiscal year 2020 and fiscal year 2021.

(f) Up to 30 percent of the remaining total appropriation to each of the categories listed in paragraphs (b) to (d) is for grants to the regional arts councils. Notwithstanding any other provision of law, regional arts council grants or other arts council grants for touring programs, projects, or exhibits must ensure the programs, projects, or exhibits are able to tour in their own region as well as all other regions of the state.

(g) Any unencumbered balance remaining under this subdivision the first year does not cancel but is available the second year.

**Subd. 4. Minnesota Historical Society**

16,298,000

17,650,000

(a) These amounts are appropriated to the governing board of the Minnesota Historical Society to preserve and enhance access to Minnesota's history and its cultural and historical resources. Grant agreements entered into by the Minnesota Historical Society and other recipients of appropriations in this subdivision must ensure that these funds are used to supplement and not substitute for traditional sources of funding. Funds directly appropriated to the Minnesota Historical Society must be used to supplement and not substitute for traditional sources of funding. Notwithstanding Minnesota Statutes, section 16A.28, for historic preservation projects that improve historic structures, the amounts are available until June 30, 2023. The Minnesota Historical Society or grant recipients of the Minnesota Historical Society using arts and cultural heritage funds under this subdivision must give consideration to Conservation Corps Minnesota and Northern Bedrock Historic Preservation Corps, or an organization carrying out similar work, for projects with the potential to need historic preservation services.

**(b) Historical Grants and Programs**

(1) Statewide Historic and Cultural Grants

\$6,564,000 the first year and \$7,064,000 the second year are for statewide historic and cultural grants to local, county, regional, or other historical or cultural organizations or for activities to preserve significant historic and cultural resources. Money must be distributed through a competitive grant process. The Minnesota Historical Society must administer the money using established grant mechanisms with assistance from the advisory committee created under Laws 2009, chapter 172, article 4, section 2, subdivision 4, paragraph (b), item (ii).

(i) Of this amount, \$150,000 the first year is for a grant to the commissioner of natural resources to maintain the history of the Grindstone River Dam at Hinckley.

(ii) Up to \$200,000 the first year may be used by the Minnesota Historical Society to provide education and programming or for grants to local historical societies, libraries, and cities to commemorate the 100th anniversary of passage of the 19th Amendment, with a portion of the grants highlighting the experience of women of color and Native American women in Minnesota.

(2) Statewide History Programs

\$6,339,000 the first year and \$7,014,000 the second year are for historic and cultural programs and purposes related to the heritage of the state.

(i) Of this amount, \$250,000 each year must be used by the Board of Directors of the Minnesota Historical Society to either produce or purchase and to distribute a book to engage and educate elementary school students on Minnesota's natural resources, legacy, culture, and history. The book should be made available for free to educators and libraries and through state historical society sites to provide to a targeted grade of elementary school students.

(ii) Of this amount, \$25,000 the first year must be used by the Board of Directors of the Minnesota Historical Society to work in collaboration with programs and organizations funded through the arts and cultural heritage fund, including but not limited to the State Arts Board, the Minnesota Humanities Center, and other groups, to develop a second ten-year plan for the arts and cultural heritage fund that includes goals and measurable outcomes for future funding. The ten-year plan must include goals and measurable outcomes that guide the legislature in awarding money and addressing the needs of underserved communities.

The governing board of the Minnesota Historical Society, in collaboration with recipients of arts and cultural heritage funding including but not limited to the State Arts Board, the Minnesota Humanities Center, and other groups, must also review and amend the 25-year framework for the arts and cultural heritage fund to include in the purposes of the framework the importance of American Indian history and culture to the state of Minnesota and the continuing need to celebrate and engage communities with American Indian history, arts, and culture. The governing board of the Minnesota Historical Society must report to the legislative committees with jurisdiction over the arts and cultural heritage fund no later than March 1, 2020, with a second ten-year plan and an amended 25-year framework for the arts and cultural heritage fund.



(3) History Partnerships

\$2,428,000 the first year and \$2,632,000 the second year are for history partnerships involving multiple organizations, which may include the Minnesota Historical Society, to preserve and enhance access to Minnesota's history and cultural heritage in all regions of the state.

(4) Statewide Survey of Historical and Archaeological Sites

\$520,000 the first year and \$564,000 the second year are for one or more contracts to be competitively awarded to conduct statewide surveys or investigations of Minnesota's sites of historical, archeological, and cultural significance. Results of the surveys or investigations must be published in a searchable form and available to the public cost-free. The Minnesota Historical Society, the Office of the State Archeologist, the Indian Affairs Council, and the State Historic Preservation Office must each appoint a representative to an oversight board to select contractors and direct the conduct of the surveys or investigations. The oversight board must consult with the Departments of Transportation and Natural Resources.

(5) Digital Library

\$347,000 the first year and \$376,000 the second year are for a digital library project to preserve, digitize, and share Minnesota images, documents, and historical materials. The Minnesota Historical Society must cooperate with the Minitex interlibrary loan system and must jointly share this appropriation for these purposes.

(6) Grants

\$100,000 the first year is for a grant to the Litchfield Opera House to restore and renovate the historic Litchfield Opera House.

(c) Any unencumbered balance remaining under this subdivision the first year does not cancel but is available the second year.

Subd. 5. Department of Education2,550,0002,550,000

(a) \$2,500,000 each year is appropriated to the commissioner of education for grants to the 12 Minnesota regional library systems to provide educational opportunities in the arts, history, literary arts, and cultural heritage of Minnesota. This money must be allocated using the formulas in Minnesota Statutes, section 134.355, subdivisions 3, 4, and 5, with the remaining 25 percent to be distributed to all qualifying systems in an amount proportionate to the number of qualifying system entities in each system. For purposes of this subdivision, "qualifying system entity" means a

public library, a regional library system, a regional library system headquarters, a county, or an outreach service program. This money may be used to sponsor programs provided by regional libraries or to provide grants to local arts and cultural heritage programs for programs in partnership with regional libraries. This money must be distributed in ten equal payments per year. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered on or before June 30, 2021, as grants or contracts in this subdivision are available until June 30, 2023.

(b) \$50,000 each year is appropriated to the commissioner of education for a water safety grant program. The commissioner of education must determine the criteria for allocating grants among eligible applicants. Grant awards must be used for the following purposes:

(1) to provide low-income and at-risk children with scholarships for swimming lessons based on nationally recognized water safety curriculum;

(2) to hire water safety instructors or lifeguards; or

(3) to train water safety instructors or lifeguards in nationally recognized water safety practices and instruction.

**Subd. 6. Department of Administration**

10,425,000

9,775,000

(a) These amounts are appropriated to the commissioner of administration for grants to the named organizations for the purposes specified in this subdivision. The commissioner of administration may use a portion of this appropriation for costs that are directly related to and necessary to the administration of grants in this subdivision.

(b) Grant agreements entered into by the commissioner and recipients of appropriations under this subdivision must ensure that money appropriated in this subdivision is used to supplement and not substitute for traditional sources of funding.

**(c) Minnesota Public Radio**

\$1,700,000 each year is for Minnesota Public Radio to create programming and expand news service on Minnesota's cultural heritage and history.

**(d) Association of Minnesota Public Educational Radio Stations**

\$1,700,000 each year is to the Association of Minnesota Public Educational Radio Stations for production and acquisition grants in accordance with Minnesota Statutes, section 129D.19.

**(e) Public Television**

\$4,025,000 each year is to the Minnesota Public Television Association for production and acquisition grants according to Minnesota Statutes, section 129D.18. Of this amount, \$250,000 each year is for a grant to Twin Cities Public Television to produce *Minnesota Journeys: Capturing, Sharing, and Undertaking Our Immigration History*.

**(f) Wilderness Inquiry**

\$250,000 each year is to Wilderness Inquiry to preserve Minnesota's outdoor history, culture, and heritage by connecting Minnesota youth to natural resources.

**(g) Como Park Zoo**

\$1,350,000 each year is to the Como Park Zoo and Conservatory for program development that features education programs and habitat enhancement, special exhibits, music appreciation programs, and historical garden access and preservation.

**(h) Science Museum of Minnesota**

\$600,000 each year is to the Science Museum of Minnesota for arts, arts education, and arts access and to preserve Minnesota's history and cultural heritage, including student and teacher outreach, statewide educational initiatives, and community-based exhibits that preserve Minnesota's history and cultural heritage.

**(i) Great Lakes Aquarium**

\$250,000 the first year is to the Lake Superior Center to prepare and construct an exhibit demonstrating the role of water in Minnesota's history and cultural heritage.

**(j) Lake Superior Zoo**

\$75,000 each year is to the Lake Superior Zoo to develop educational exhibits and programs.

**(k) Midwest Outdoors Unlimited**

\$25,000 each year is to Midwest Outdoors Unlimited to preserve Minnesota's outdoor history, culture, and heritage by connecting individuals and youth with disabilities to the state's natural resources.

**(l) Phalen Park China Garden**

\$400,000 the first year is to the Minnesota China Friendship Garden Society to develop the Chinese garden in Phalen Park in collaboration with local artists and members of the local Hmong community.

**(m) Green Giant Museum**

\$50,000 each year is to the city of Blue Earth for exhibits and programming for the Green Giant Museum to preserve the culture and agricultural history of Minnesota.

**Subd. 7. Minnesota Zoo**1,750,0001,750,000

These amounts are appropriated to the Minnesota Zoological Board for programs at and development of the Minnesota Zoological Garden and to provide access and education related to programs on the cultural heritage of Minnesota.

**Subd. 8. Minnesota Humanities Center**3,025,0003,000,000

(a) These amounts are appropriated to the Board of Directors of the Minnesota Humanities Center for the purposes specified in this subdivision. The Minnesota Humanities Center may use up to 4.5 percent of the following grants to cover the cost of administering, planning, evaluating, and reporting these grants. The Minnesota Humanities Center must develop a written plan to issue the grants under this subdivision and must submit the plan for review and approval by the commissioner of administration. The written plan must require the Minnesota Humanities Center to create and adhere to grant policies that are similar to those established according to Minnesota Statutes, section 16B.97, subdivision 4, paragraph (a), clause (1).

No grants awarded under this subdivision may be used for travel outside the state of Minnesota. The grant agreement must specify the repercussions for failing to comply with the grant agreement.

**(b) Programs and Purposes**

\$1,100,000 each year is for programs and purposes of the Minnesota Humanities Center, including the kindergarten through grade 12 education activities and professional development events, the Veterans' Voices program, and the "Why Treaties Matter" exhibits and programming.

**(c) Children's Museum Grants**

\$1,150,000 the first year and \$1,150,000 the second year are for grants to children's museums for arts and cultural exhibits and related educational outreach programs.

Of this amount:

(1) \$500,000 each year is for the Minnesota Children's Museum for interactive exhibits and outreach programs on arts and cultural heritage, including the Minnesota Children's Museum in Rochester;

(2) \$150,000 each year is for the Duluth Children's Museum to develop new, regionally significant, educational exhibits and programs;

(3) \$150,000 each year is for the Grand Rapids Children's Museum to design and build interactive exhibits and develop a hands-on learning outreach program;

(4) \$150,000 each year is for the Southern Minnesota Children's Museum to increase access and engagement for diverse audiences through museum programs and exhibits that promote Minnesota arts, culture, and history;

(5) \$150,000 each year is to Great River Children's Museum for regionally significant, interactive exhibits and outreach programs on arts and cultural heritage, including redesign and development;

(6) \$50,000 the first year and \$25,000 the second year are for the Wheel and Cog Children's Museum of Hutchinson for interactive exhibits, education, and access programs on arts and cultural heritage; and

(7) \$25,000 each year is for the Region 5 Children's Museum to develop programming and new educational exhibits in arts and cultural heritage.

**(d) American Indian Legacy Grant Program**

\$250,000 each year is for the American Indian legacy grant program. The Minnesota Humanities Center must evaluate, coordinate, and administer a grant program to provide funding to individuals and organizations in the Minnesota American Indian community. The grant program must work with members of the American Indian community to develop goals and criteria for evaluating projects and awarding money. The grant program must reach members of the American Indian community in the seven-county metropolitan area and throughout the state of Minnesota. The American Indian legacy grant program must:

(1) issue grants to American Indian artists to develop their work or to provide education and opportunities to the public related to their art or cultural heritage in Minnesota;

(2) issue grants to American Indian organizations to support artists or to provide educational opportunities and public events related to American Indian arts, heritage, and culture; and

(3) hold workshops and provide assistance to American Indian artists and arts programs for capacity building for projects and programs related to Minnesota's arts, culture, and heritage.

**(e) Hmong Cultural Events and Programming Grants**

\$250,000 each year is for grants to one or more community organizations that provide arts and cultural heritage programming celebrating Hmong heritage. Museums, nonprofit organizations, and arts and cultural organizations are eligible to apply for competitive grants under this grant program. Preference must be given to organizations that provide artist programming and artist and crafting educational instruction to seniors and youth and programs that have workshops, mentoring programs, exhibits, or community engagement events related to Hmong culture and heritage in Minnesota.

**(f) Somali Community and Museum Cultural Grants**

\$250,000 each year is for a grant to one or more community organizations that provide Somali-based collaborative programs for arts and cultural heritage. The Somali Museum of Minnesota may apply for a grant under this paragraph. The money must be used for programs to provide arts and humanities education and workshops, mentor programs, classes, exhibits, presentations, community engagement events, and outreach about the Somali community and heritage in Minnesota.

**Subd. 9. Indian Affairs Council**

2,150,000

2,150,000

\$2,150,000 each year is appropriated to the Indian Affairs Council for grants for preserving Dakota and Ojibwe Indian languages and for protecting Indian graves. The money must be distributed as follows:

(1) \$750,000 each year is to provide grants to Minnesota Tribal Nations to preserve Dakota and Ojibwe Indian languages and to foster education programs and services for Dakota and Ojibwe languages;

(2) \$500,000 each year is for grants to Dakota and Ojibwe Indian language immersion educational institutions;

(3) \$750,000 each year is to provide grants to preserve the Dakota and Ojibwe Indian languages through support of projects and services and to support educational programs and immersion efforts in Dakota and Ojibwe Indian languages;

(4) \$50,000 each year is to the Indian Affairs Council for a Dakota and Ojibwe Indian language working group coordinated by the Indian Affairs Council; and

(5) \$100,000 each year is to carry out responsibilities under Minnesota Statutes, section 307.08, to comply with Public Law 101-601, the Native American Graves Protection and Repatriation Act.

**Subd. 10. University of Minnesota**

250,000

250,000

These amounts are appropriated to the Board of Regents of the University of Minnesota for a grant to the Bell Museum, Minnesota's museum of natural history, to increase access to Minnesota's history and cultural heritage by providing funding for access to people with disabilities and to expand access to culturally and linguistically diverse communities.

**Subd. 11. Department of Agriculture**

250,000

250,000

These amounts are appropriated to the commissioner of agriculture for grants to county agricultural societies to enhance arts access and education and to preserve and promote Minnesota's history and cultural heritage as embodied in its county fairs. The grants are in addition to the aid distribution to county agricultural societies under Minnesota Statutes, section 38.02. The commissioner of agriculture must develop grant-making criteria and guidance for expending money under this subdivision to provide funding for projects and events that provide access to the arts or the state's agricultural, historical, and cultural heritage. The commissioner must seek input from all interested parties.

**Subd. 12. Legislative Coordinating Commission**

6,000

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This amount is appropriated to the Legislative Coordinating Commission to maintain the website required under Minnesota Statutes, section 3.303, subdivision 10.

ARTICLE 6  
GENERAL PROVISIONS; ALL LEGACY FUNDS

Section 1. **[15.431] COMPLIANCE WITH CONSTITUTIONAL REQUIREMENT FOR LEGACY FUNDS.**

To ensure compliance with the requirement in the Minnesota Constitution, article XI, section 15, that money dedicated under that section must supplement traditional sources of funding and may not be used as a substitute, the legislature must not appropriate money nor may an agency grant money to an individual or entity requesting money from the outdoor heritage fund, clean water fund, parks and trails fund, or arts and cultural heritage fund, without

written assurance from the individual or entity that the individual or entity will not use the money to fund expenses for a purpose that the individual or entity previously funded with a traditional source of funding. For the purposes of this section, "traditional source of funding" means a source other than the outdoor heritage fund, clean water fund, parks and trails fund, or arts and cultural heritage fund that the individual or entity used three out of the past five years to pay for expenses related to the same purpose for which the individual or entity has proposed to use money from the outdoor heritage fund, clean water fund, parks and trails fund, or arts and cultural heritage fund."

Delete the title and insert:

"A bill for an act relating to legacy; appropriating money from outdoor heritage, clean water, arts and cultural heritage, and parks and trails funds; modifying previous appropriations; modifying legislative oversight; modifying Clean Water Legacy Act and Water Law; providing for compliance with constitutional requirements; amending Minnesota Statutes 2018, sections 97A.056, subdivision 7; 103B.3369, subdivisions 5, 9; 103B.801, subdivisions 2, 4, 5; 114D.15, subdivisions 7, 11, 13, by adding subdivisions; 114D.20, subdivisions 2, 3, 5, 7, by adding subdivisions; 114D.26; 114D.30, by adding a subdivision; 114D.35, subdivisions 1, 3; Laws 2015, First Special Session chapter 2, article 1, section 2, subdivision 2, as amended; Laws 2017, chapter 91, article 1, section 2, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 15; 114D."

With the recommendation that when so amended 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. 2032, A bill for an act relating to natural resources; appropriating money from environment and natural resources trust fund; modifying previous appropriations; amending Laws 2015, chapter 76, section 2, subdivision 9, as amended; Laws 2017, chapter 96, section 2, subdivision 9.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this act. The appropriations are from the environment and natural resources trust fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2020" and "2021" used in this act 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>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>
Sec. 2. <b><u>MINNESOTA RESOURCES</u></b>			
Subdivision 1. <b><u>Total Appropriation</u></b>	<b><u>\$2,940,000</u></b>	<b><u>\$61,387,000</u></b>	<b><u>\$-0-</u></b>

The amounts that may be spent for each purpose are specified in the following subdivisions. Appropriations for fiscal year 2019 are available the day following final enactment and are available until



June 30, 2022, unless otherwise stated in the appropriation. Appropriations in the first year are available for three years beginning July 1, 2019, unless otherwise stated in the appropriation. Any unencumbered balance remaining in the first year does not cancel and is available for the second year or until the end of the appropriation.

**Subd. 2. Definition**

"Trust fund" means the Minnesota environment and natural resources trust fund established under the Minnesota Constitution, article XI, section 14.

**Subd. 3. Foundational Natural**

**Resource Data and Information**

636,000

9,918,000

-0-

**(a) Minnesota Biological Survey**

\$1,500,000 the first year is from the trust fund to the commissioner of natural resources for the Minnesota biological survey to complete the statewide field surveys begun in 1987 to provide a foundation for conserving biological diversity by systematically collecting, interpreting, and delivering data on native and rare species, pollinators, and native plant communities throughout Minnesota. Any revenues generated through the publication of books or other resources created through this appropriation may be reinvested as described in the work plan approved by the Legislative-Citizen Commission on Minnesota Resources according to Minnesota Statutes, section 116P.10.

**(b) Restoring Native Mussels in Streams and Lakes**

\$500,000 the first year is from the trust fund to the commissioner of natural resources to restore native freshwater mussel assemblages, and the ecosystem services they provide, in the Mississippi, Cedar, and Cannon Rivers and to inform the public on mussels and mussel conservation. This appropriation is available until June 30, 2021, by which time the project must be completed and final products delivered.

**(c) Quantifying Exposure of Minnesota's Raptors to Mercury and PFAS**

\$250,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the Hawk Ridge Bird Observatory to quantify the exposure and health risk of two environmental neurotoxins to Minnesota raptors.

**(d) Minnesota Trumpeter Swan Migration Ecology and Conservation**

\$300,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to document the movement and habitat use of Minnesota trumpeter swans to provide foundational information necessary for trumpeter swan management and conservation. This appropriation is available until June 30, 2023, by which time the project must be completed and final products delivered.

**(e) Spruce Grouse as Indicators for Boreal Forest Connectivity**

\$350,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota for the Raptor Center to evaluate how to best harvest timber in the boreal forest to enable wildlife with small home ranges, such as spruce grouse, to thrive in a changing landscape. This appropriation is available until June 30, 2023, by which time the project must be completed and final products delivered.

**(f) Understanding Brainworm Transmission to Find Solutions for Minnesota Moose Decline**

\$400,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to identify key habitats and vectors of brainworm transmission between deer and moose that may be targeted by resource management to mitigate moose exposure to this deadly condition.

**(g) Mapping Habitat Use and Disease of Urban Carnivores**

\$500,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to map habitat use and diseases of urban foxes and coyotes, evaluate risks these animals may pose to people and pets, and generate information needed to reduce human-wildlife conflicts.

**(h) Accelerated Aggregate Resource Mapping**

\$700,000 the first year is from the trust fund to the commissioner of natural resources to map the aggregate resource potential for four counties and make this information available in print and electronic format to local units of government for use in planning and zoning.

**(i) Den Boxes for Fishers and Other Nesting Wildlife**

\$190,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota for the Natural Resources Research Institute in Duluth to build, install, and evaluate den

boxes as habitat enhancement for fishers and other cavity-nesting wildlife in managed forests where a lack of large trees may be threatening population survival. The final outcome for the project must include guidelines and best practices for use of den boxes for fisher habitat.

**(j) Red-Headed Woodpeckers as Indicators of Oak Savanna Health**

\$171,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to evaluate red-headed woodpecker survival and habitat needs and to use this data to develop and disseminate a long-term oak savanna management plan that supports red-headed woodpeckers and other oak savanna habitat-dependent species.

**(k) Implementing Conservation Plans for Avian Species of Concern**

\$124,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the National Audubon Society, Minnesota office, to establish benchmark survey sites for implementing and tracking outcomes of collaborative restoration and enhancement activities within Important Bird Areas for three bird species of conservation concern.

**(l) Mapping Aquatic Habitats for Moose**

\$199,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to determine key water habitats used by moose in northern forested regions of Minnesota, measure the effects of moose foraging on aquatic plant and fish diversity, and provide educational programming materials for the public.

**(m) Improving Statewide GIS Data by Restoring the Public Land Survey**

\$135,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the Minnesota Association of County Surveyors to conduct a pilot project with Grant County to remonument and certify the public land survey corners in Lawrence Township. This appropriation is available until June 30, 2021, by which time the project must be completed and final products delivered.

**(n) County Geologic Atlases - Part A, Mapping Geology**

\$2,000,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota, Minnesota Geological Survey, to continue producing county geologic atlases to inform

management of surface water and groundwater resources. This appropriation is to complete Part A, which focuses on the properties and distribution of earth materials to define aquifer boundaries and the connection of aquifers to the land surface and surface water resources.

**(o) County Geologic Atlases - Part B, Mapping Aquifer Hydrology**

\$2,400,000 the first year is from the trust fund to the commissioner of natural resources to continue producing county geologic atlases to inform management of surface water and groundwater resources for drinking water and other purposes. This appropriation is for Part B, which uses the geologic formations mapped in Part A of the county geologic atlases to characterize the potential water yields of aquifers and the aquifers' sensitivity to contamination.

**(p) Unlocking Science of Minnesota's Moose Decline**

\$199,000 the first year is from the trust fund to the Minnesota Zoological Garden to develop educational displays, interactive exhibits, and engaging online programs that summarize and share scientific findings about moose decline in Minnesota. This appropriation is available until June 30, 2021, by which time the project must be completed and final products delivered.

**(q) Native Bee Survey**

\$636,000 in fiscal year 2019 is from the trust fund to the commissioner of natural resources to continue to assess the current status and distribution of native bee pollinators in Minnesota by expanding surveys into the coniferous-deciduous forest region of Minnesota and facilitating interagency collaboration and public outreach on pollinators.

**Subd. 4. Water Resources**

5,066,000

-0-

**(a) Determining Influence of Insecticides on Algal Blooms**

\$350,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to quantify the occurrence of neonicotinoid insecticides in Minnesota's surface waters and groundwaters and assess if the insecticides are contributing to the formation of algal blooms.

**(b) Benign Design: Environmental Studies Leading to Sustainable Pharmaceuticals**

\$415,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to determine how to best remove harmful fluorinated pharmaceuticals during wastewater

treatment and to develop alternate versions of these compounds that are medically useful but environmentally harmless. This appropriation is subject to Minnesota Statutes, section 116P.10.

**(c) Wastewater Nutrient Reduction through Industrial Source Reduction Assistance**

\$200,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to provide technical assistance for industrial facilities to optimize their processes, reduce nutrient loads to wastewater treatment facilities, and improve water quality. The economic savings and water quality improvements achieved through this work must be documented.

**(d) Quantifying Microplastics in Minnesota's Inland Lakes**

\$200,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota for the Natural Resources Research Institute in Duluth to quantify the amount, type, and source of microplastics in the water, sediment, and fishes of a range of Minnesota lakes.

**(e) Improving Nitrogen Removal in Greater Minnesota Wastewater Treatment Ponds**

\$325,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to assess cold weather nitrogen cycling and different aeration methods to improve the efficacy of Minnesota's underperforming wastewater treatment ponds.

**(f) Improving Drinking Water for Minnesotans through Pollution Prevention**

\$345,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to reduce exposure of Minnesotans to a toxic, cancer-causing chemical by identifying key pollutant precursor sources in the upper Mississippi River watershed and assessing options to reduce the formation of this chemical during drinking water treatment.

**(g) Protecting Minnesota Waters by Removing Contaminants from Wastewater**

\$250,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to develop methods for treatment plants to remove harmful polyfluoroalkyl substances and microplastics from wastewater before the wastewater is released to the environment. This appropriation is subject to Minnesota Statutes, section 116P.10.

**(h) Reducing Municipal Wastewater Mercury Pollution to Lake Superior**

\$250,000 the first year is from the trust fund to the commissioner of the Minnesota Pollution Control Agency to evaluate and summarize current technologies to help municipal wastewater plants in the Lake Superior basin save money and reduce mercury pollution to Lake Superior and other Minnesota waters.

**(i) Extracting Deicing Salt from Roadside Soils with Plants**

\$360,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to collaborate with the Department of Transportation to evaluate potential native plants that can be grown on roadsides to adsorb and remove toxic salts accumulated from deicing roads and assess uses for the harvested material.

**(j) Transformation of Plastic Waste into Valued Resource**

\$225,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to develop technologies that use microbes to convert plastic waste into useful chemical compounds and fuels, lowering the likelihood that these materials end up in the environment. This appropriation is subject to Minnesota Statutes, section 116P.10.

**(k) Accelerating Perennial Crop Production to Prevent Nitrate Leaching**

\$440,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the Stearns County Soil and Water Conservation District to reduce nitrate leaching on sandy soils of central Minnesota by developing water-efficient production methods, supply chains, and end-use markets for three perennial crops: Kernza, prairie species, and alfalfa. Net income from the sale of products or assets developed or acquired through this project may be reinvested as described in the work plan approved by the Legislative-Citizen Commission on Minnesota Resources according to Minnesota Statutes, section 116P.10.

**(l) Farm-Ready Cover Crops for Protecting Water Quality**

\$741,000 the first year is from the trust fund to the Minnesota State Colleges and Universities System for Central Lakes College to demonstrate conservation benefits of using camelina and kura clover as continuous living cover with corn-soybean rotations and to develop secondary markets to increase farmer adoption of this practice for protecting water quality in vulnerable wellhead protection areas. This appropriation is subject to Minnesota Statutes, section 116P.10.

**(m) Setting Realistic Nitrate Reduction Goals in Southeast Minnesota**

\$350,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to develop advanced water-flow and age-dating tools to improve the ability of state agencies to assess how well nitrate reduction best management practices are working in southeastern Minnesota.

**(n) Mapping Unprofitable Cropland for Water and Wildlife**

\$100,000 the first year is from the trust fund to the Science Museum of Minnesota for the St. Croix Watershed Research Station to conduct the first statewide analysis that maps the extent of Minnesota's unprofitable cropland and estimates both the water-quality and habitat benefits of converting these lands to perennial crops and vegetation. This appropriation is available until June 30, 2021, by which time the project must be completed and final products delivered.

**(o) Evaluating Locally Sourced Materials for Road Salt Reduction**

\$162,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota for the Natural Resources Research Institute in Duluth to evaluate the effectiveness and benefits of using locally sourced wood chips, corncobs, and iron-bearing minerals as alternative abrasive materials to lower salt use for protecting Minnesota's water resources. This appropriation is subject to Minnesota Statutes, section 116P.10. This appropriation is available until June 30, 2021, by which time the project must be completed and final products delivered.

**(p) Minnesota Spring Inventory Final Phase**

\$71,000 the first year is from the trust fund to the commissioner of natural resources to complete the Minnesota Spring Inventory that identifies, catalogs, and assists resource managers in monitoring, assessing, and protecting important and threatened statewide water springs. This appropriation is available until June 30, 2021, by which time the project must be completed and final products delivered.

**(q) Restoring Impaired Lakes through Citizen-Aided Carp Management**

\$106,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the Carver County Water Management Organization to quantify water quality

improvements and the cost-effectiveness of a new citizen-aided carp management method for restoring impaired lakes in Minnesota.

**(r) Spring Biological Nitrate Removal to Protect Drinking Water**

\$175,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the city of Fairmont to build and demonstrate the effectiveness of an experimental passive biological treatment system to reduce nitrates that enter the city's springtime water supply source.

**(s) Degrading Chlorinated Industrial Contaminants with Bacteria**

\$1,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to determine the best way to stimulate bacteria to more quickly and completely remove industrial chlorinated pollutants from contaminated sites. On the day following final enactment, the following amounts from unobligated appropriations to the Board of Regents of the University of Minnesota are transferred and added to this appropriation: \$75,000 in Laws 2016, chapter 186, section 2, subdivision 4, paragraph (l), and \$74,000 in Laws 2016, chapter 186, section 2, subdivision 6, paragraph (b).

Subd. 5. <b><u>Technical Assistance,</u></b>			
<b><u>Outreach, and Environmental Education</u></b>	<u>250,000</u>	<u>886,000</u>	<u>-0-</u>

**(a) Expanding Camp Sunrise Environmental Program**

\$237,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with YouthCare Minnesota to expand camp opportunities to more school districts and implement improved hands-on environmental education programs for economically disadvantaged youth.

**(b) Connecting Students to Boundary Waters**

\$450,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with Friends of the Boundary Waters Wilderness to connect approximately 6,500 students to the boundary waters through classroom education and wilderness canoe experiences for diverse and underserved populations across Minnesota. This appropriation is available until June 30, 2023, by which time the project must be completed and final products delivered.



**(c) Mississippi National River and Recreation Area Forest Restoration**

\$199,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the Mississippi Park Connection to work with Conservation Corps Minnesota, local communities, and volunteers to address the loss of ash trees to emerald ash borer by planting approximately 15,000 native trees and plants in affected areas in the Mississippi National River and Recreation Area.

**(d) Increasing Diversity in Environmental Careers**

\$250,000 in fiscal year 2019 is from the trust fund to the commissioner of natural resources in cooperation with Conservation Corps Minnesota and Iowa to encourage a diversity of students to pursue careers in environment and natural resources through internships and mentorships with the Department of Natural Resources, the Board of Water and Soil Resources, and the Pollution Control Agency. This appropriation is available until June 30, 2024, by which time the project must be completed and final products delivered.

**Subd. 6. Aquatic and Terrestrial Invasive Species**3,100,000-0-**(a) Building Knowledge and Capacity to Solve AIS Problems**

\$3,000,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to support the Minnesota Aquatic Invasive Species Research Center in developing solutions to Minnesota's aquatic invasive species problems through research, control, prevention, outreach, and early detection of existing and emerging aquatic invasive species threats. This appropriation is available until June 30, 2023, by which time the project must be completed and final products delivered.

**(b) Oak Wilt Suppression at its Northern Edge**

\$100,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with Morrison Soil and Water Conservation District to eradicate the northern-most occurrences of oak wilt in the state through mechanical means on select private properties to prevent oak wilt's spread to healthy state forest habitats.

**Subd. 7. Air Quality and Renewable Energy**1,485,000-0-**(a) Development of Clean Energy Storage Systems for Farms**

\$650,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota for the West Central Research and Outreach Center at Morris to develop and test novel

clean energy storage systems for farms using wind-generated ammonia to displace fossil fuels and reduce greenhouse gas emissions. This appropriation is subject to Minnesota Statutes, section 116P.10.

**(b) White Earth Nation Community Solar for Economic Resilience**

\$500,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with Rural Renewable Energy Alliance to install a 200-kW White Earth community-owned solar garden to reduce greenhouse gas emissions, increase economic development through environmental education and solar workforce training, and improve energy resilience.

**(c) Sustainable Solar Energy from Agricultural Plant By-Products**

\$185,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota, Morris, to use regional plant-based agricultural by-products to fabricate solar cells for creating renewable and affordable energy.

**(d) Morris Energy and Environment Community Resilience Plan**

\$150,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the city of Morris to develop and begin implementing community resilience plans for energy and the environment and to create a model guide for other Minnesota communities to create and implement their own plans.

**Subd. 8. Methods to Protect or Restore Land, Water, and Habitat**

5,233,000

-0-

**(a) Saving Endangered Pollinators through Data-Driven Prairie Restoration**

\$800,000 the first year is from the trust fund. Of this amount, \$630,000 is to the Minnesota Zoological Garden and \$170,000 is to the commissioner of natural resources to reestablish populations of Minnesota's imperiled butterflies through reintroductions and prairie restorations and by developing foundational habitat recommendations for preventing future extinctions. This appropriation is available until June 30, 2023, by which time the project must be completed and final products delivered.

**(b) Promoting and Restoring Oak Savanna Using Silvopasture**

\$750,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to demonstrate, evaluate, and increase adoption of the combined use of intensive tree, forage, and livestock management as a method to restore threatened oak savanna habitats.

**(c) Sauk River Dam Removal and Rock Rapids Replacement**

\$2,768,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the city of Melrose to remove an existing fixed-elevation dam, construct a rock arch rapids, and conduct in-stream and shoreline habitat restoration to improve water quality and native fish passage in the Sauk River. This project requires a match of at least \$1,400,000 that must be secured before trust fund money is spent. At least \$700,000 of this match must come from the city of Melrose. City of Melrose expenses for the Sauk River dam removal and rock rapids replacement incurred before July 1, 2019, may be counted toward the match.

**(d) Conserving and Monitoring Minnesota's Rare Arctic Plants**

\$135,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to provide monitoring and invasive species removal to conserve rare and endangered arctic plants on Minnesota's North Shore. This appropriation is available until June 30, 2023, by which time the project must be completed and final products delivered.

**(e) Nongame Wildlife Program Acceleration**

\$780,000 the first year is from the trust fund to the commissioner of natural resources to accelerate the nongame wildlife program, including rare wildlife data collection, habitat management, collaborative land protection, conservation education, and a new emphasis on promoting nature tourism to benefit wildlife, visitors, and rural communities.

**Subd. 9. Land Acquisition, Habitat, and Recreation**

1,724,000

33,661,000

-0-

**(a) Minnesota Scientific and Natural Areas**

\$3,500,000 the first year is from the trust fund to the commissioner of natural resources for the scientific and natural areas (SNA) program to restore and enhance wildlife habitat on SNAs, increase public involvement and outreach, and strategically acquire

high-quality lands that meet criteria for SNAs under Minnesota Statutes, section 86A.05, from willing sellers. A list of proposed acquisitions and restorations is required in the work plan.

**(b) Grants for Local Parks, Trails, and Natural Areas**

\$3,000,000 the first year is from the trust fund to the commissioner of natural resources to solicit, rank, and fund competitive matching grants for local parks, trail connections, and natural and scenic areas under Minnesota Statutes, section 85.019. The appropriation is for local nature-based recreation, connections to regional and state natural areas, and recreation facilities and not for athletic facilities such as sport fields, courts, and playgrounds.

**(c) Minnesota State Parks and State Trails In-Holdings**

\$1,000,000 in fiscal year 2019 and \$3,907,000 the first year are from the trust fund to the commissioner of natural resources to acquire high-priority in-holdings from willing sellers within the legislatively authorized boundaries of state parks and trails to protect Minnesota's natural heritage, enhance outdoor recreational opportunities, and improve the efficiency of public land management. Priorities include but are not limited to Minneopa, St. Croix, Frontenac, and Crow Wing State Parks. A list of proposed acquisitions is required in the work plan.

**(d) Minnesota State Trails Development**

\$124,000 in fiscal year 2019 and \$8,247,000 the first year are from the trust fund to the commissioner of natural resources to expand high-priority recreational opportunities on Minnesota's state trails by developing new trail segments and rehabilitating, improving, and enhancing existing state trails. High-priority trail bridges to rehabilitate or replace include, but are not limited to, those on the Arrowhead, Central Lakes, Harmony-Preston Valley, Matthew Lourey, and North Shore State Trails. High-priority trail segments to develop and enhance include, but are not limited to, the Paul Bunyan, Gateway, Heartland, Gitchi Gami, and Minnesota Valley State Trails. A proposed list of trail projects on legislatively authorized state trails is required in the work plan. This appropriation is available until June 30, 2021, by which time the project must be completed and final products delivered.

**(e) National Loon Center**

\$4,000,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the National Loon Center Foundation, in partnership with a fiscal agent to be approved by the Legislative-Citizen Commission on Minnesota Resources, to construct an approximately 15,000-square-foot National Loon Center in Cross Lake dedicated to loon survival.

loon habitat protection and research, and recreation. Of this amount, up to \$1,449,000 is for planning, design, and construction of approximately six outdoor demonstration learning kiosks, interpretive trails, boardwalks and boat docks, a fishing dock, and native landscaping along approximately 3,100 feet of shoreline. Any remaining funds are for planning, engineering, and constructing the building and indoor exhibits. A land lease commitment of at least 25 years and fiscal sponsorship must be secured before any trust fund money is spent. This project requires a match of at least \$6,000,000. At least \$2,000,000 of this match must come from nonstate sources. If naming rights will be conveyed, the National Loon Center Foundation must include a plan for this in the work plan. All matching funds must be legally committed before any trust fund money may be spent on planning activities for or construction of the building and indoor exhibits. Net income generated from admissions, naming rights, and memberships to the National Loon Center as a result of trust fund contributions may be reinvested in the center's long-term loon conservation efforts as described in the work plan approved by the Legislative-Citizen Commission on Minnesota Resources according to Minnesota Statutes, section 116P.10.

**(f) Accessible Fishing Piers**

\$320,000 the first year is from the trust fund to the commissioner of natural resources to provide accessible fishing piers in locations that have a high potential to serve new angling communities, underserved populations, and anglers with physical disabilities. This appropriation is available until June 30, 2021, by which time the project must be completed and final products delivered.

**(g) Mesabi Trail Extensions**

\$3,000,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the St. Louis and Lake Counties Regional Railroad Authority for environmental assessment, permitting, right-of-way easements or other acquisition as needed, and engineering for and construction of four trail segments beginning and ending at the following approximate locations: Darwin Meyers Wildlife Management Area to County Road 21, Embarrass to Kugler, County Road 128 to the Eagles Nest Town Hall, and Wolf Creek to the Highway 169 underpass.

**(h) Britton Peak to Lutsen Mountain Bike Trail**

\$50,000 in fiscal year 2019 and \$300,000 the first year are from the trust fund to the commissioner of natural resources for an agreement with the Superior Cycling Association to create a sustainably designed single-track mountain bike trail connecting trail clusters and trailheads between Britton Peak in Tofte and Lutsen Mountains as part of northeast Minnesota's effort to

become a national recreation destination. This appropriation is available until June 30, 2021, by which time the project must be completed and final products delivered.

**(i) Preserving Avon Hills with Reverse-Bidding Easements**

\$1,600,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with Saint John's University in cooperation with Minnesota Land Trust to restore and enhance protected lands, provide public outreach, and prepare management plans for and use a reverse-bid ranking system to secure permanent conservation easements on high-quality natural habitat in the Avon Hills area of Stearns County. Of this amount, up to \$168,000 is for use by Minnesota Land Trust in a monitoring fund as approved in the work plan and subject to Minnesota Statutes, section 116P.20. An annual financial report is required for any monitoring, management, and enforcement fund, including expenditures from the fund. A proposed list of acquisitions and restorations must be provided in the work plan. This appropriation is available until June 30, 2024, by which time the project must be completed and final products delivered.

**(j) Birch Lake Recreation Area Campground**

\$350,000 in fiscal year 2019 and \$350,000 the first year are from the trust fund to the commissioner of natural resources for an agreement with the city of Babbitt to expand Birch Lake Recreation Area by adding a new campground for recreational vehicles and tent campers. This project requires a match of at least \$2,800,000 that must be secured before trust fund money is spent. At least \$800,000 of this match must come from the city of Babbitt. Net income generated from admissions to the campground created as a result of trust fund contributions may be reinvested into the campground's long-term operations as described in the work plan approved by the Legislative-Citizen Commission on Minnesota Resources according to Minnesota Statutes, section 116P.10.

**(k) Bailey Lake Trail and Fishing Pier**

\$550,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the city of Virginia to reconstruct the existing Bailey Lake Trail and construct a new fishing pier on Bailey Lake that is accessible from the trail.

**(l) Vergas Long Lake Trail**

\$290,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the city of Vergas to construct a bicycle and pedestrian bridge, trail, and floating boardwalk along Long Lake including shoreline restoration and

stabilization with native plants. This appropriation is available until June 30, 2021, by which time the project must be completed and final products delivered.

**(m) Glacial Edge Trail and Downtown Pedestrian Bridge**

\$600,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the city of Fergus Falls to acquire easements for and construct a trail along the Otter Tail River in downtown Fergus Falls and a bicycle and pedestrian bridge crossing the river. This appropriation is available until June 30, 2021, by which time the project must be completed and final products delivered.

**(n) Crane Lake to Vermilion Falls Trail**

\$400,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with St. Louis County in cooperation with Voyageur Country ATV Club to designate and improve a wooded trail from Crane Lake to Vermilion Falls to accommodate all-terrain vehicle and snowmobile users. This appropriation is available until June 30, 2021, by which time the project must be completed and final products delivered.

**(o) Restoring Five Sections of Superior Hiking Trail**

\$191,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the Superior Hiking Trail Association to restore and repair the most damaged parts of five sections of the Superior Hiking Trail and restore an abandoned route to a natural footpath for hikers.

**(p) Native Prairie Bank Conservation Easements and Landowner Assistance**

\$3,406,000 the first year is from the trust fund to the commissioner of natural resources to acquire native prairie bank easements in accordance with Minnesota Statutes, section 84.96; restore and enhance native prairie sites; and provide technical assistance to landowners. Of this amount, up to \$185,000 may be deposited in a conservation easement stewardship account. Deposits into the conservation easement stewardship account must be made upon closing on conservation easements or at a time otherwise approved in the work plan. A list of proposed easement acquisitions must be provided as part of the required work plan.

**(q) Rainy Lake Recreational Access and Boat Wash Station**

\$200,000 in fiscal year 2019 is from the trust fund to the commissioner of natural resources for an agreement with the city of Ranier to enhance and increase public access to Rainy Lake by

constructing an Americans with Disabilities Act (ADA)-compliant recreational parking lot, an ADA-compliant public restroom, and an aquatic invasive species boat wash station.

<u>Subd. 10. Administration and Contract Agreement Reimbursement</u>	<u>330,000</u>	<u>1,538,000</u>	<u>-0-</u>
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**(a) Contract Agreement Reimbursement**

\$135,000 the first year is from the trust fund to the commissioner of natural resources, at the direction of the Legislative-Citizen Commission on Minnesota Resources, for expenses incurred for preparing and administering contracts for the agreements specified in this section. The commissioner must provide documentation to the Legislative-Citizen Commission on Minnesota Resources on the expenditure of these funds. This appropriation is available until June 30, 2021, by which time the project must be completed and final products delivered.

**(b) Legislative-Citizen Commission on Minnesota Resources (LCCMR) Administration**

\$1,400,000 the first year is from the trust fund to the Legislative-Citizen Commission on Minnesota Resources for administration in fiscal years 2020 and 2021 as provided in Minnesota Statutes, section 116P.09, subdivision 5.

**(c) Legislative Coordinating Commission (LCC) Administration**

\$3,000 the first year is from the trust fund to the Legislative Coordinating Commission for the website required in Minnesota Statutes, section 3.303, subdivision 10.

**(d) Grants Management System**

\$330,000 in fiscal year 2019 is from the trust fund to the Legislative-Citizen Commission on Minnesota Resources to develop, enhance, and maintain a management system for project records.

<u>Subd. 11. Wastewater Treatment Recommendations</u>	<u>500,000</u>	<u>-0-</u>
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**(a) Water Infrastructure Loans**

Up to \$6,500,000 of the money in the trust fund is available to the State Board of Investment to invest in loans through the Public Facilities Authority's clean water revolving fund under Minnesota Statutes, section 446A.07. Notwithstanding Minnesota Statutes, section 446A.07, repayments of principal and interest and any investment income must be credited to the trust fund and are available for reinvestment in the clean water revolving fund.



**(b) Optimizing Local Mechanical and Pond Wastewater-Treatment Plants**

\$500,000 the first year is from the trust fund to the commissioner of the Pollution Control Agency for the pilot program created under Laws 2018, chapter 214, article 4, section 2, subdivision 4, paragraph (a). This appropriation is available until June 30, 2021, by which time projects must be completed and final products delivered.

**Subd. 12. Availability of Appropriations**

Money appropriated in this section may not be spent on activities unless they are directly related to and necessary for a specific appropriation and are specified in the work plan approved by the Legislative-Citizen Commission on Minnesota Resources. Money appropriated in this section must not be spent on indirect costs or other institutional overhead charges that are not directly related to and necessary for a specific appropriation. Costs that are directly related to and necessary for an appropriation, including financial services, human resources, information services, rent, and utilities, are eligible only if the costs can be clearly justified and individually documented specific to the appropriation's purpose and would not be generated by the recipient but for receipt of the appropriation. No broad allocations for costs in either dollars or percentages are allowed. Unless otherwise provided, the amounts in this section are available until June 30, 2022, when projects must be completed and final products delivered. For acquisition of real property, the appropriations in this section are available for an additional fiscal year if a binding contract for acquisition of the real property is entered into before the expiration date of the appropriation. If a project receives a federal grant, the time period of the appropriation is extended to equal the federal grant period.

**Subd. 13. Data Availability Requirements**

Data collected by the projects funded under this section must conform to guidelines and standards adopted by MN.IT Services. Spatial data must also conform to additional guidelines and standards designed to support data coordination and distribution that have been published by the Minnesota Geospatial Information Office. Descriptions of spatial data must be prepared as specified in the state's geographic metadata guideline and must be submitted to the Minnesota Geospatial Information Office. All data must be accessible and free to the public unless made private under the Data Practices Act, Minnesota Statutes, chapter 13. To the extent practicable, summary data and results of projects funded under this section should be readily accessible on the Internet and identified as having received funding from the environment and natural resources trust fund.

**Subd. 14. Project Requirements**

(a) As a condition of accepting an appropriation under this section, an agency or entity receiving an appropriation or a party to an agreement from an appropriation must comply with paragraphs (b) to (l) and Minnesota Statutes, chapter 116P, and must submit a work plan and annual or semiannual progress reports in the form determined by the Legislative-Citizen Commission on Minnesota Resources for any project funded in whole or in part with funds from the appropriation. Modifications to the approved work plan and budget expenditures must be made through the amendment process established by the Legislative-Citizen Commission on Minnesota Resources.

(b) A recipient of money appropriated in this section that conducts a restoration using funds appropriated in this section must use native plant species according to the Board of Water and Soil Resources' native vegetation establishment and enhancement guidelines and include an appropriate diversity of native species selected to provide habitat for pollinators throughout the growing season as required under Minnesota Statutes, section 84.973.

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

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

(e) All restoration and enhancement projects funded with money appropriated in this section must be on land permanently protected by a conservation easement or public ownership.

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

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

(1) be permanent;

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

(3) specify all of the provisions of an agreement that are permanent;

(4) be sent to the Legislative-Citizen Commission on Minnesota Resources in an electronic format at least ten business days before closing;

(5) include a long-term monitoring and enforcement plan and funding for monitoring and enforcing the easement agreement; and

(6) include requirements in the easement document to protect the quantity and quality of groundwater and surface water through specific activities such as keeping water on the landscape, reducing nutrient and contaminant loading, and not permitting artificial hydrological modifications.

(h) For any acquisition of lands or interest in lands, a recipient of money appropriated under this section must not agree to pay more than 100 percent of the appraised value for a parcel of land using this money to complete the purchase, in part or in whole, except that up to ten percent above the appraised value may be allowed to complete the purchase, in part or in whole, using this money if permission is received in advance of the purchase from the Legislative-Citizen Commission on Minnesota Resources.

(i) For any acquisition of land or interest in land, a recipient of money appropriated under this section must give priority to high-quality natural resources or conservation lands that provide natural buffers to water resources.

(j) For new lands acquired with money appropriated under this section, a recipient must prepare an ecological restoration and management plan in compliance with paragraph (c), including sufficient funding for implementation unless the work plan addresses why a portion of the money is not necessary to achieve a high-quality restoration.

(k) To ensure public accountability for using public funds, a recipient of money appropriated under this section must, within 60 days of the transaction, provide to the Legislative-Citizen Commission on Minnesota Resources documentation of the selection process used to identify parcels acquired and provide documentation of all related transaction costs, including but not limited to appraisals, legal fees, recording fees, commissions, other similar costs, and donations. This information must be provided for all parties involved in the transaction. The recipient must also report to the Legislative-Citizen Commission on Minnesota Resources any difference between the acquisition amount paid to the seller and the state-certified or state-reviewed appraisal, if a state-certified or state-reviewed appraisal was conducted.

(l) A recipient of an appropriation from the trust fund under this section must acknowledge financial support from the environment and natural resources trust fund in project publications, signage, and other public communications and outreach related to work completed using the appropriation. Acknowledgment may occur, as appropriate, through use of the trust fund logo or inclusion of language attributing support from the trust fund. Each direct recipient of money appropriated in this section, as well as each recipient of a grant awarded pursuant to this section, must satisfy all reporting and other requirements incumbent upon constitutionally dedicated funding recipients as provided in Minnesota Statutes, section 3.303, subdivision 10, and chapter 116P.

**Subd. 15. Payment Conditions and Capital-Equipment Expenditures**

(a) All agreements, grants, or contracts referred to in this section must be administered on a reimbursement basis unless otherwise provided in this section. Notwithstanding Minnesota Statutes, section 16A.41, expenditures made on or after July 1, 2019, or the date the work plan is approved, whichever is later, are eligible for reimbursement unless otherwise provided in this section. Periodic payments must be made upon receiving documentation that the deliverable items articulated in the approved work plan have been achieved, including partial achievements as evidenced by approved progress reports. Reasonable amounts may be advanced to projects to accommodate cash-flow needs or match federal money. The advances must be approved as part of the work plan. No expenditures for capital equipment are allowed unless expressly authorized in the project work plan.

(b) Single-source contracts as specified in the approved work plan are allowed.

**Subd. 16. Purchase of Recycled and Recyclable Materials**

A political subdivision, public or private corporation, or other entity that receives an appropriation under this section must use the appropriation in compliance with Minnesota Statutes, section 16C.0725, regarding purchasing recycled, repairable, and durable materials and Minnesota Statutes, section 16C.073, regarding purchasing and using paper stock and printing.

**Subd. 17. Energy Conservation and Sustainable Building Guidelines**

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

**Subd. 18. Accessibility**

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

**Subd. 19. Carryforward; Extension**

(a) The availability of the appropriations for the following projects is extended to June 30, 2020:

(1) Laws 2014, chapter 226, section 2, subdivision 10, paragraph (c), Legislative-Citizen Commission on Minnesota Resources (LCCMR);

(2) Laws 2015, chapter 76, section 2, subdivision 3, paragraph (g), Minnesota Native Bee Atlas;

(3) Laws 2015, chapter 76, section 2, subdivision 4, paragraph (f), Southeast Minnesota Subsurface Drainage Impacts on Groundwater Recharge;

(4) Laws 2015, chapter 76, section 2, subdivision 10, Emerging Issues Account;

(5) Laws 2016, chapter 186, section 2, subdivision 3, paragraph (a), Data-Driven Pollinator Conservation Strategies;

(6) Laws 2016, chapter 186, section 2, subdivision 3, paragraph (c), Prairie Butterfly Conservation, Research, and Breeding - Phase II;

(7) Laws 2016, chapter 186, section 2, subdivision 4, paragraph (h), Protection of State's Confined Drinking Water Aquifers - Phase II;

(8) Laws 2016, chapter 186, section 2, subdivision 4, paragraph (r), Morrison County Performance Drainage and Hydrology Management;

(9) Laws 2016, chapter 186, section 2, subdivision 6, paragraph (c), Advancing Microbial Invasive Species Monitoring from Ballast Discharge;

(10) Laws 2016, chapter 186, section 2, subdivision 6, paragraph (e), Elimination of Target Invasive Plant Species - Phase II;

(11) Laws 2016, chapter 186, section 2, subdivision 8, paragraph (a), Bee Pollinator Habitat Enhancement - Phase II;

(12) Laws 2016, chapter 186, section 2, subdivision 8, paragraph (b), Measuring Pollen and Seed Dispersal for Prairie Fragment Connectivity;

(13) Laws 2016, chapter 186, section 2, subdivision 8, paragraph (f), Forest Management for Mississippi River Drinking Water Protection;

(14) Laws 2016, chapter 186, section 2, subdivision 9, paragraph (b), Minnesota Point Pine Forest Scientific and Natural Area Acquisition; and

(15) Laws 2017, chapter 96, section 2, subdivision 4, paragraph (a), Assessment of Household Chemicals and Herbicides in Rivers and Lakes.

(b) The availability of the appropriation under Laws 2017, chapter 96, section 2, subdivision 7, paragraph (b), Assessment of Urban Air Quality, is extended to June 30, 2021.

Sec. 3. Minnesota Statutes 2018, section 116P.08, subdivision 2, is amended to read:

Subd. 2. **Exceptions.** Money from the trust fund may not be spent for:

(1) purposes of environmental compensation and liability under chapter 115B and response actions under chapter 115C;

(2) purposes of municipal water pollution control ~~in municipalities with a population of 5,000 or more~~ under the authority of chapters 115 and 116;

(3) costs associated with the decommissioning of nuclear power plants;

- (4) hazardous waste disposal facilities;
- (5) solid waste disposal facilities; or
- (6) projects or purposes inconsistent with the strategic plan.

Sec. 4. Laws 2015, chapter 76, section 2, subdivision 9, as amended by Laws 2018, chapter 214, article 4, section 5, is amended to read:

Subd. 9. **Land Acquisition for Habitat and Recreation** 14,190,000 -0-

**(a) State Parks and Trails Land Acquisitions**

\$1,500,000 the first year is from the trust fund to the commissioner of natural resources to acquire at least 335 acres for authorized state trails and critical parcels within the statutory boundaries of state parks. State park land acquired with this appropriation must be sufficiently improved to meet at least minimum management standards, as determined by the commissioner of natural resources. A list of proposed acquisitions must be provided as part of the required work plan. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

**(b) Metropolitan Regional Park System Land Acquisition - Phase IV**

\$1,000,000 the first year is from the trust fund to the Metropolitan Council for grants to acquire ~~at least 133~~ approximately 90 acres of lands within the approved park unit boundaries of the metropolitan regional park system. This appropriation may not be used to purchase habitable residential structures. A list of proposed fee title and easement acquisitions must be provided as part of the required work plan. This appropriation must be matched by at least 40 percent of nonstate money that must be committed by December 31, 2015, or the appropriation cancels. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

**(c) SNA Acquisition, Restoration, Enhancement, and Public Engagement**

\$4,000,000 the first year is from the trust fund to the commissioner of natural resources to acquire at least 350 acres of lands with high-quality native plant communities and rare features to be established as scientific and natural areas as provided in Minnesota Statutes, section 86A.05, subdivision 5, restore and improve at least 550 acres of scientific and natural areas, and provide technical assistance and outreach. A list of proposed acquisitions must be provided as part of the required work plan. Land acquired with this appropriation must be sufficiently improved to meet at

least minimum management standards, as determined by the commissioner of natural resources. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

**(d) Native Prairie Stewardship and Prairie Bank Easement Acquisition**

\$3,325,000 the first year is from the trust fund to the commissioner of natural resources to acquire native prairie bank easements on at least 675 acres, prepare baseline property assessments, restore and enhance at least 1,000 acres of native prairie sites, and provide technical assistance to landowners. Of this amount, up to \$195,000 must be deposited in a conservation easement stewardship account. Deposits into the conservation easement stewardship account must be made upon closing on conservation easements or at a time otherwise approved in the work plan. A list of proposed easement acquisitions must be provided as part of the required work plan. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

**(e) Metro Conservation Corridors - Phase VIII Coordination, Mapping, and Conservation Easements**

\$515,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the Minnesota Land Trust for Phase VIII of the Metro Conservation Corridors partnership to provide coordination and mapping for the partnership and to acquire permanent conservation easements on at least 120 acres of strategic ecological landscapes to protect priority natural areas in the metropolitan area, as defined under Minnesota Statutes, section 473.121, subdivision 2, and portions of the surrounding counties. A list of proposed easement acquisitions must be provided as part of the required work plan. Land acquired with this appropriation must be sufficiently improved to meet at least minimum management standards, as determined by the commissioner of natural resources. Expenditures are limited to the identified project corridor areas as defined in the work plan. Up to \$40,000 may be used for coordination and mapping for the Metro Conservation Corridors. All conservation easements must be perpetual and have a natural resource management plan. A list of proposed easement acquisitions must be provided as part of the required work plan. This appropriation is available June 30, 2018, by which time the project must be completed and final products delivered.



**(f) Metro Conservation Corridors - Phase VIII Strategic Lands Protection**

\$750,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with The Trust for Public Land for Phase VIII of the Metro Conservation Corridors partnership to acquire in fee at least 35 acres of high-quality priority state and local natural areas in the metropolitan area, as defined under Minnesota Statutes, section 473.121, subdivision 2, and portions of the surrounding counties. A list of proposed acquisitions must be provided as part of the required work plan. Land acquired with this appropriation must be sufficiently improved to meet at least minimum management standards, as determined by the commissioner of natural resources. Expenditures are limited to the identified project corridor areas as defined in the work plan. This appropriation may not be used to purchase habitable residential structures, unless expressly approved in the work plan. A list of fee title acquisitions must be provided as part of the required work plan. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

**(g) Metro Conservation Corridors - Phase VIII Priority Expansion of Minnesota Valley National Wildlife Refuge**

\$500,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the Minnesota Valley National Wildlife Refuge Trust, Inc. for Phase VIII of the Metro Conservation Corridors partnership to acquire in fee at least 100 acres of priority habitat for the Minnesota Valley National Wildlife Refuge in the metropolitan area, as defined under Minnesota Statutes, section 473.121, subdivision 2, and portions of the surrounding counties. A list of proposed acquisitions must be provided as part of the required work plan. Land acquired with this appropriation must be sufficiently improved to meet at least minimum management standards. Expenditures are limited to the identified project corridor areas as defined in the work plan. This appropriation may not be used to purchase habitable residential structures, unless expressly approved in the work plan. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

**(h) Metro Conservation Corridors - Phase VIII Wildlife Management Area Acquisition**

\$400,000 the first year is from the trust fund to the commissioner of natural resources for Phase VIII of the Metro Conservation Corridors partnership to acquire in fee at least 82 acres along the lower reaches of the Vermillion River in Dakota County within the Gores Pool Wildlife Management Area. Land acquired with this appropriation must be sufficiently improved to meet at least

minimum management standards. This appropriation may not be used to purchase habitable residential structures, unless expressly approved in the work plan. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

**(i) Mesabi Trail Development Soudan to Ely - Phase II**

\$1,000,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the St. Louis and Lake Counties Regional Railroad Authority for the right-of-way acquisition, design, and construction of segments of the Mesabi Trail, totaling approximately seven miles between Soudan and Ely. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

**(j) Multi-benefit Watershed Scale Conservation on North Central Lakes**

\$950,000 the first year is from the trust fund to the Board of Water and Soil Resources to secure permanent conservation easements on at least 480 acres of high-quality habitat in Crow Wing and Cass Counties. Of this amount, up to \$65,000 must be deposited in a conservation easement stewardship account; and \$54,000 is for an agreement with the Leech Lake Area Watershed Foundation in cooperation with Crow Wing County Soil and Water Conservation District and Cass County Soil and Water Conservation District. Deposits into the conservation easement stewardship account must be made upon closing on conservation easements or at a time otherwise approved in the work plan. A list of proposed easement acquisitions must be provided as part of the required work plan. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

**(k) Conservation Easement Assessment and Valuation System Development**

\$250,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to assess the effectiveness of existing conservation easements acquired through state expenditures at achieving their intended outcomes of public value and ecological benefits and to develop a standardized, objective conservation easement valuation system for guiding future state investments in conservation easements to ensure the proposed environmental benefits are being achieved in a cost-effective manner. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

Sec. 5. Laws 2017, chapter 96, section 2, subdivision 9, is amended to read:

**Subd. 9. Land Acquisition, Habitat,  
and Recreation**

999,000

13,533,000

-0-

**(a) Metropolitan Regional Parks System Land Acquisition**

\$1,500,000 the first year is from the trust fund to the Metropolitan Council for grants to acquire approximately ~~197~~ 70 acres of land within the approved park boundaries of the metropolitan regional park system. This appropriation may not be used to purchase habitable residential structures. A list of proposed fee title acquisitions must be provided as part of the required work plan. This appropriation must be matched by at least 40 percent of nonstate money that must be committed by December 31, 2017. This appropriation is available until June 30, 2020, by which time the project must be completed and final products delivered.

**(b) Scientific and Natural Areas Acquisition and Restoration,  
Citizen Science, and Engagement**

\$2,500,000 the first year is from the trust fund to the commissioner of natural resources to acquire ~~at least 250 acres of~~ land with high-quality native plant communities and rare features to be established as scientific and natural areas as provided in Minnesota Statutes, section 86A.05, subdivision 5, restore and improve ~~at least 1,000 acres of~~ scientific and natural areas, and provide technical assistance and outreach, including site steward events. At least one-third of the appropriation must be spent on restoration activities. A list of proposed acquisitions and restorations must be provided as part of the required work plan. Land acquired with this appropriation must be sufficiently improved to meet at least minimum management standards, as determined by the commissioner of natural resources. When feasible, consideration must be given to accommodate trails on lands acquired. This appropriation is available until June 30, 2020, by which time the project must be completed and final products delivered.

**(c) Minnesota State Parks and State Trails Land Acquisition**

\$1,500,000 the first year is from the trust fund to the commissioner of natural resources to acquire approximately 373 acres from willing sellers for authorized state trails and critical parcels within the statutory boundaries of state parks. State park land acquired with this appropriation must be sufficiently improved to meet at least minimum management standards, as determined by the commissioner of natural resources. A list of proposed acquisitions must be provided as part of the required work plan. This appropriation is available until June 30, 2020, by which time the project must be completed and final products delivered.

**(d) Minnesota State Trails Acquisition, Development, and Enhancement**

\$999,000 in fiscal year 2017 and \$39,000 the first year are from the trust fund to the commissioner of natural resources for state trail acquisition, development, and enhancement in southern Minnesota. A proposed list of trail projects on authorized state trails must be provided as part of the required work plan. This appropriation is available until June 30, 2020, by which time the project must be completed and final products delivered.

**(e) Native Prairie Stewardship and Prairie Bank Easement Acquisition**

\$2,675,000 the first year is from the trust fund to the commissioner of natural resources to acquire native prairie bank easements in accordance with Minnesota Statutes, section 84.96, on approximately ~~335~~ 250 acres, prepare baseline property assessments, restore and enhance ~~at least 570 acres of~~ native prairie sites, and provide technical assistance to landowners. Of this amount, up to \$132,000 may be deposited in a conservation easement stewardship account. Deposits into the conservation easement stewardship account must be made upon closing on conservation easements or at a time otherwise approved in the work plan. A list of proposed easement acquisitions must be provided as part of the required work plan. This appropriation is available until June 30, 2020, by which time the project must be completed and final products delivered.

**(f) Leech Lake Acquisition**

\$1,500,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the Leech Lake Band of Ojibwe to acquire approximately 45 acres, including 0.67 miles of shoreline of high-quality aquatic and wildlife habitat at the historic meeting place between Henry Schoolcraft and the Anishinabe people. The land must be open to public use including hunting and fishing. The band must provide a commitment that land will not be put in a federal trust through the Bureau of Indian Affairs.

**(g) Mesabi Trail Development**

\$2,269,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the St. Louis and Lake Counties Regional Railroad Authority for engineering and constructing segments of the Mesabi Trail. This appropriation is available until June 30, 2020, by which time the project must be completed and final products delivered.

**(h) Tower Trailhead Boat Landing and Habitat Improvement - Phase II**

\$600,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the city of Tower to construct a trailhead and boat landing and restore vegetative habitat on city-owned property. Plant and seed materials must follow the Board of Water and Soil Resources' native vegetation establishment and enhancement guidelines. This appropriation is available until June 30, 2020, by which time the project must be completed and final products delivered.

**(i) Land Acquisition for Voyageurs National Park Crane Lake Visitors Center**

\$950,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the town of Crane Lake, in partnership with Voyageurs National Park and the Department of Natural Resources, to acquire approximately 30 acres to be used for a visitor center and campground. Income generated by the campground may be used to support the facility.

Sec. 6. **TRANSFER.**

On June 30, 2019, any unencumbered money from Laws 2017, chapter 96, section 2, subdivision 10, paragraph (b), is transferred to the grants management system under Laws 2016, chapter 186, section 2, subdivision 10, paragraph (b).

Sec. 7. **EFFECTIVE DATE.**

Sections 1 to 6 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to natural resources; appropriating money from environment and natural resources trust fund; modifying previous appropriations; amending Minnesota Statutes 2018, section 116P.08, subdivision 2; Laws 2015, chapter 76, section 2, subdivision 9, as amended; Laws 2017, chapter 96, section 2, subdivision 9."

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

The report was adopted.

**SECOND READING OF HOUSE BILLS**

H. F. Nos. 5, 653 and 2032 were read for the second time.

**SECOND READING OF SENATE BILLS**

S. F. Nos. 802, 2314 and 2415 were read for the second time.

**INTRODUCTION AND FIRST READING OF HOUSE BILLS**

The following House Files were introduced:

Noor introduced:

H. F. No. 2852, A bill for an act relating to economic development; creating a Minnesota Innovation Collaborative; authorizing grants; appropriating money.

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

Poppe introduced:

H. F. No. 2853, A bill for an act relating to capital investment; appropriating money for improvements to the wastewater treatment facility in Austin; authorizing the sale and issuance of state bonds.

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

Poppe introduced:

H. F. No. 2854, A bill for an act relating to capital investment; appropriating money for the expansion of the Hormel Institute facility in the city of Austin; authorizing the sale and issuance of state bonds.

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

Dettmer, Gunther, Urdahl, Nash, Ecklund, Persell, Lueck, Gruenhagen, Davids and Heinrich introduced:

H. F. No. 2855, A bill for an act relating to capital investment; appropriating money for improvements to the Disabled Veterans Rest Camp.

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

Carlson, L.; Freiberg; Youakim and Winkler introduced:

H. F. No. 2856, A bill for an act relating to taxes; local government aids; increasing the appropriation and modifying the minimum aid payments for 2020; amending Minnesota Statutes 2018, sections 477A.013, subdivision 9; 477A.03, subdivision 2a.

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

Winkler moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by Speaker pro tempore Poppe.

Grossell was excused between the hours of 11:15 a.m. and 1:00 p.m.

Hamilton was excused for the remainder of today's session.

REPORT FROM THE COMMITTEE ON RULES  
AND LEGISLATIVE ADMINISTRATION

Winkler from the Committee on Rules and Legislative Administration, pursuant to rules 1.21 and 3.33, designated the following bills to be placed on the Calendar for the Day for Monday, April 29, 2019 and established a prefiling requirement for amendments offered to the following bills:

S. F. Nos. 802 and 2415.

**CALENDAR FOR THE DAY**

TAKEN FROM TABLE

Winkler moved that H. F. No. 2414, the first engrossment, be taken from the table. The motion prevailed.

H. F. No. 2414, the first engrossment, was again reported to the House.

Liebling moved to amend H. F. No. 2414, the first engrossment, as follows:

Page 370, line 5, strike "reviewed by"

Page 370, line 6, strike "the state advisory council on mental health and then"

Page 435, line 7, after "state" insert ", including the number of people served, response times, number of face-to-face contacts, call outcomes, and protocols for when to respond face-to-face"

Page 435, line 12, after "concerns" insert ", and the process to file a complaint with the department"

Page 579, line 22, delete "should" and insert "shall"

Page 761, after line 22, insert:

**"EFFECTIVE DATE. This section is effective upon certification from the commissioner of health that the department has the procedures and guidelines in place to implement this section, or August 1, 2020, whichever is earlier. The commissioner shall provide this certification to the revisor of statutes."**

Page 763, after line 4, insert:

**"EFFECTIVE DATE. This section is effective August 1, 2020."**

Page 869, line 13, delete "service" and insert "services"

Page 876, line 14, delete everything after the period

Page 876, delete lines 15 and 16

Page 885, line 21, delete "client's" and insert "resident's"

Page 885, line 23, delete "client" and insert "resident"

Page 1029, line 16, delete "250,590,000" and insert "247,273,000" and delete "253,568,000" and insert "251,124,000"

Page 1029, line 21, delete "60,979,000" and insert "57,662,000" and delete "62,630,000" and insert "60,186,000"

Page 1029, line 31, delete "10,500,000" and insert "7,183,000" and delete "9,474,000" and insert "7,030,000"

Page 1035, line 6, after the period, insert "The state government special revenue fund base is \$10,572,000 in fiscal year 2022 and \$9,474,000 in fiscal year 2023."

The motion prevailed and the amendment was adopted.

Pinto moved to amend H. F. No. 2414, the first engrossment, as amended, as follows:

Page 755, after line 27, insert:

"Sec. 70. Minnesota Statutes 2018, section 145.928, subdivision 1, is amended to read:

Subdivision 1. **Goal; establishment.** It is the goal of the state, by 2010, to decrease by 50 percent the disparities in infant mortality rates and adult and child immunization rates for American Indians and populations of color, as compared with rates for whites. To do so and to achieve other measurable outcomes, the commissioner of health shall establish a program to close the gap in the health status of American Indians and populations of color as compared with whites in the following priority areas: infant mortality, access to and utilization of high-quality prenatal care, breast and cervical cancer screening, HIV/AIDS and sexually transmitted infections, adult and child immunizations, cardiovascular disease, diabetes, and accidental injuries and violence.

Sec. 71. Minnesota Statutes 2018, section 145.928, subdivision 7, is amended to read:

Subd. 7. **Community grant program; immunization rates, prenatal care access and utilization, and infant mortality rates.** (a) The commissioner shall award grants to eligible applicants for local or regional projects and initiatives directed at reducing health disparities in one or ~~both~~ more of the following priority areas:

(1) decreasing racial and ethnic disparities in infant mortality rates; ~~or~~

(2) decreasing racial and ethnic disparities in access to and utilization of high-quality prenatal care; or

~~(2)~~ (3) increasing adult and child immunization rates in nonwhite racial and ethnic populations.



(b) The commissioner may award up to 20 percent of the funds available as planning grants. Planning grants must be used to address such areas as community assessment, coordination activities, and development of community supported strategies.

(c) Eligible applicants may include, but are not limited to, faith-based organizations, social service organizations, community nonprofit organizations, community health boards, tribal governments, and community clinics. Applicants must submit proposals to the commissioner. A proposal must specify the strategies to be implemented to address one or ~~both~~ more of the priority areas listed in paragraph (a) and must be targeted to achieve the outcomes established according to subdivision 3.

(d) The commissioner shall give priority to applicants who demonstrate that their proposed project or initiative:

- (1) is supported by the community the applicant will serve;
- (2) is research-based or based on promising strategies;
- (3) is designed to complement other related community activities;
- (4) utilizes strategies that positively impact ~~both~~ two or more priority areas;
- (5) reflects racially and ethnically appropriate approaches; and

(6) will be implemented through or with community-based organizations that reflect the race or ethnicity of the population to be reached."

Page 1002, line 29, delete "8,244,381,000" and insert "8,244,231,000"

Page 1003, line 3, delete "7,408,609,000" and insert "7,408,459,000"

Page 1019, line 21, delete "23,175,000" and insert "23,025,000"

Page 1020, line 9, delete "\$260,000" and insert "\$110,000"

Page 1029, line 16, delete "250,590,000" and insert "250,740,000"

Page 1029, line 19, delete "141,180,000" and insert "141,330,000"

Page 1029, line 29, delete "101,695,000" and insert "101,845,000"

Page 1034, after line 33, insert:

**"(q) Disparities in Access and Utilization of High-Quality Prenatal Care. \$150,000 in fiscal year 2020 is from the general fund for grants under Minnesota Statutes, section 145.928, subdivision 7, paragraph (a), clause (2), to decrease racial and ethnic disparities in access to and utilization of high-quality prenatal care. This appropriation is in addition to base level funding for fiscal year 2020."**

Page 1035, line 1, delete "(q)" and insert "(r)"

The motion prevailed and the amendment was adopted.

Koegel moved to amend H. F. No. 2414, the first engrossment, as amended, as follows:

Page 993, after line 2, insert:

"Section 1. **[10.584] MATERNAL MENTAL HEALTH AWARENESS MONTH.**

The month of May is designated as Maternal Mental Health Awareness Month in recognition of the state's desire to recognize the prevalence of pregnancy and postpartum mental health issues and educate the people of the state about identifying symptoms and seeking treatment options. Up to one-third of mothers report having symptoms of pregnancy and postpartum mood and anxiety disorders each year. Many more cases go unreported due to misunderstanding. Pregnancy and postpartum mood disorders are widespread but treatable illnesses. Left untreated, pregnancy and postpartum mood and anxiety disorders can lead to negative effects on birth outcomes, infant development, and the well-being of mothers and families. The state declares that in order to educate the public, the governor may promote and encourage the observance of Maternal Mental Health Awareness Month."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Moran moved to amend H. F. No. 2414, the first engrossment, as amended, as follows:

Page 567, after line 19, insert:

"Sec. 139. Minnesota Statutes 2018, section 256B.79, subdivision 2, is amended to read:

Subd. 2. **Pilot Grant program established.** The commissioner shall implement a ~~pilot grant~~ grant program to improve birth outcomes and strengthen early parental resilience for pregnant women who are medical assistance enrollees, are at significantly elevated risk for adverse outcomes of pregnancy, and are in targeted populations. The program must promote the provision of integrated care and enhanced services to these pregnant women, including postpartum coordination to ensure ongoing continuity of care, by qualified integrated perinatal care collaboratives.

Sec. 140. Minnesota Statutes 2018, section 256B.79, subdivision 3, is amended to read:

Subd. 3. **Grant awards.** The commissioner shall award grants to qualifying applicants to support interdisciplinary, integrated perinatal care. ~~Grants must be awarded beginning July 1, 2016.~~ Grant funds must be distributed through a request for proposals process to a designated lead agency within an entity that has been determined to be a qualified integrated perinatal care collaborative or within an entity in the process of meeting the qualifications to become a qualified integrated perinatal care collaborative, and priority shall be given to qualified integrated perinatal care collaboratives that received grants under this section prior to January 1, 2019. Grant awards must be used to support interdisciplinary, team-based needs assessments, planning, and implementation of integrated care and enhanced services for targeted populations. In determining grant award amounts, the commissioner shall consider the identified health and social risks linked to adverse outcomes and attributed to enrollees within the identified targeted population.

Sec. 141. Minnesota Statutes 2018, section 256B.79, subdivision 4, is amended to read:

Subd. 4. **Eligibility for grants.** To be eligible for a grant under this section, an entity must ~~show that the entity meets or is in the process of meeting~~ meet qualifications established by the commissioner to be a qualified integrated perinatal care collaborative. These qualifications must include evidence that the entity has ~~or is in the process of developing~~ policies, services, and partnerships to support interdisciplinary, integrated care. The policies, services, and partnerships must meet specific criteria and be approved by the commissioner. The commissioner shall ~~establish a process to~~ review the collaborative's capacity for interdisciplinary, integrated care, to be reviewed at the commissioner's discretion. In determining whether the entity meets the qualifications for a qualified integrated perinatal care collaborative, the commissioner shall verify and review whether the entity's policies, services, and partnerships:

(1) optimize early identification of drug and alcohol dependency and abuse during pregnancy, effectively coordinate referrals and follow-up of identified patients to evidence-based or evidence-informed treatment, and integrate perinatal care services with behavioral health and substance abuse services;

(2) enhance access to, and effective use of, needed health care or tribal health care services, public health or tribal public health services, social services, mental health services, chemical dependency services, or services provided by community-based providers by bridging cultural gaps within systems of care and by integrating community-based paraprofessionals such as doulas and community health workers as routinely available service components;

(3) encourage patient education about prenatal care, birthing, and postpartum care, and document how patient education is provided. Patient education may include information on nutrition, reproductive life planning, breastfeeding, and parenting;

(4) integrate child welfare case planning with substance abuse treatment planning and monitoring, as appropriate;

(5) effectively systematize screening, collaborative care planning, referrals, and follow up for behavioral and social risks known to be associated with adverse outcomes and known to be prevalent within the targeted populations;

(6) facilitate ongoing continuity of care to include postpartum coordination and referrals for interconception care, continued treatment for substance abuse, identification and referrals for maternal depression and other chronic mental health conditions, continued medication management for chronic diseases, and appropriate referrals to tribal or county-based social services agencies and tribal or county-based public health nursing services; and

(7) implement ongoing quality improvement activities as determined by the commissioner, including collection and use of data from qualified providers on metrics of quality such as health outcomes and processes of care, and the use of other data that has been collected by the commissioner.

Sec. 142. Minnesota Statutes 2018, section 256B.79, subdivision 5, is amended to read:

Subd. 5. **Gaps in communication, support, and care.** A collaborative receiving a grant under this section must ~~develop means of identifying and reporting~~ identify and report gaps in the collaborative's communication, administrative support, and direct care, if any, that must be remedied for the collaborative to continue to effectively provide integrated care and enhanced services to targeted populations.

Sec. 143. Minnesota Statutes 2018, section 256B.79, subdivision 6, is amended to read:

Subd. 6. **Report.** By January 31, ~~2019~~ 2021, and every two years thereafter, the commissioner shall report to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance on the status and ~~progress~~ outcomes of the ~~pilot~~ grant program. The report must:

- (1) describe the capacity of collaboratives receiving grants under this section;
- (2) contain aggregate information about enrollees served within targeted populations;
- (3) describe the utilization of enhanced prenatal services;
- (4) for enrollees identified with maternal substance use disorders, describe the utilization of substance use treatment and dispositions of any child protection cases;
- (5) contain data on outcomes within targeted populations and compare these outcomes to outcomes statewide, using standard categories of race and ethnicity; and
- (6) include recommendations for continuing the program or sustaining improvements through other means ~~beyond June 30, 2019.~~"

Page 574, after line 3, insert:

"Sec. 144. **REPEALER.**

(b) Minnesota Statutes 2018, section 256B.79, subdivision 7, is repealed effective the day following final enactment."

Page 574, line 4, delete "(b)" and insert "(c)"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Morrison moved to amend H. F. No. 2414, the first engrossment, as amended, as follows:

Page 49, after line 4, insert:

"Sec. 40. Minnesota Statutes 2018, section 626.5561, subdivision 1, is amended to read:

Subdivision 1. **Reports required.** (a) Except as provided in paragraph (b), a person mandated to report under section 626.556, subdivision 3, shall immediately report to the local welfare agency if the person knows or has reason to believe that a woman is pregnant and has used a controlled substance for a nonmedical purpose during the pregnancy, including, but not limited to, tetrahydrocannabinol, or has consumed alcoholic beverages during the pregnancy in any way that is habitual or excessive.

(b) A health care professional or a social service professional who is mandated to report under section 626.556, subdivision 3, is exempt from reporting under paragraph (a) ~~a woman's use or consumption of tetrahydrocannabinol or alcoholic beverages during pregnancy~~ if the professional is providing or collaborating with other professionals to provide the woman with prenatal care or other health care services.

(c) Any person may make a voluntary report if the person knows or has reason to believe that a woman is pregnant and has used a controlled substance for a nonmedical purpose during the pregnancy, including, but not limited to, tetrahydrocannabinol, or has consumed alcoholic beverages during the pregnancy in any way that is habitual or excessive.

(d) An oral report shall be made immediately by telephone or otherwise. An oral report made by a person required to report shall be followed within 72 hours, exclusive of weekends and holidays, by a report in writing to the local welfare agency. Any report shall be of sufficient content to identify the pregnant woman, the nature and extent of the use, if known, and the name and address of the reporter. The local welfare agency shall accept a report made under paragraph (c) notwithstanding refusal by a voluntary reporter to provide the reporter's name or address as long as the report is otherwise sufficient.

(e) For purposes of this section, "prenatal care" means the comprehensive package of medical and psychological support provided throughout the pregnancy."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Scott moved to amend H. F. No. 2414, the first engrossment, as amended, as follows:

Page 707, delete lines 5 to 12 and insert:

"(k) The board shall conduct periodic audits, on at least an annual basis, of electronic access by permissible users, as identified in paragraph (b), clauses (1), (2), (3), (6), (7), (9), and (10), and of nonelectronic access by permissible users, as identified in paragraph (b), clauses (4), (5), (8), (11), and (12), to the data in subdivision 4, to ensure compliance with permissible use as defined in this section. A permissible user whose account has been selected for audit shall respond to an inquiry by the board, no later than 30 days after receipt of notice that an audit is being conducted. Failure to respond may result in deactivation of access to the data in subdivision 4, and referral to the relevant health licensing board, the commissioner of human services, or other appropriate entity. The board shall report the results of periodic audits to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance and government data practices."

Page 707, after line 19, insert:

"(m) A permissible user who delegates access to the data submitted under subdivision 4 to an agent or employee shall terminate that individual's access to the data, within three business days of the agent or employee leaving employment with the permissible user. The board may conduct random audits to determine compliance with this requirement."

Page 707, before line 20, insert:

"Sec. 48. Minnesota Statutes 2018, section 152.126, subdivision 7, is amended to read:

Subd. 7. **Disciplinary action.** (a) A dispenser who knowingly fails to submit data to the board as required under this section is subject to disciplinary action by the appropriate health-related licensing board.

(b) A prescriber or dispenser authorized to access the data who knowingly discloses the data in violation of state or federal laws relating to the privacy of health care data shall be subject to disciplinary action by the appropriate health-related licensing board, and appropriate civil penalties.

(c) A prescriber or dispenser authorized to access the data who fails to comply with subdivision 6, paragraph (l) or (m), shall be subject to disciplinary action by the appropriate health-related licensing board.

Sec. 49. Minnesota Statutes 2018, section 152.126, is amended by adding a subdivision to read:

Subd. 10a. **Patient information on record access.** (a) A patient who has been prescribed a controlled substance may access the prescription monitoring program database in order to obtain information on access by permissible users to the patient's data record, including the name and organizational affiliation of the permissible user and the date of access, subject to any limitations in paragraph (b). In order to obtain this information, the patient must complete, notarize, and submit a request form developed by the board. The board shall make this form available to the public on the board's website.

(b) Information on access to a patient's data record by permissible users identified under subdivision 6, paragraph (b), clauses (5), (8), (9), and (12), that is part of an active investigation, is classified as confidential data on individuals under section 13.02, subdivision 3, and shall not be made available to a patient making a request under paragraph (a). A permissible user identified in clauses (5), (8), (9), and (12) shall, upon request by the board of pharmacy, notify the board of pharmacy whether access by the permissible user is part of an active investigation."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Scott moved to amend the Scott amendment to H. F. No. 2414, the first engrossment, as amended, as follows:

Page 2, line 10, delete "(a)"

Page 2, line 13, delete ", subject"

Page 2, line 14, delete everything before the period

Page 2, delete lines 17 to 23

The motion prevailed and the amendment to the amendment was adopted.

The question recurred on the Scott amendment, as amended, to H. F. No. 2414, the first engrossment, as amended. The motion prevailed and the amendment, as amended, was adopted.

Albright moved to amend H. F. No. 2414, the first engrossment, as amended, as follows:

Page 592, line 27, after "authority" insert "and premiums shall be subject to the gross premiums tax under section 297I.05, subdivision 5"

Page 595, after line 5, insert:

"Subd. 12. **Hospital financial deficiency fund.** The commissioner shall establish and administer a hospital financial deficiency fund, to provide grants or supplemental payments to hospitals, to mitigate the financial effects of low provider reimbursement rates under the OneCare Buy-In."

Renumber the subdivisions in sequence

Page 595, line 8, delete "11" and insert "12"

Page 595, line 9, delete "12" and insert "13"

Page 602, after line 19, insert:

"Sec. 28. Minnesota Statutes 2018, section 297I.05, subdivision 5, is amended to read:

Subd. 5. **Health maintenance organizations, nonprofit health service plan corporations, OneCare Buy-In plans, and community integrated service networks.** (a) A tax is imposed on health maintenance organizations, community integrated service networks, OneCare Buy-In plans established under chapter 256T, and nonprofit health care service plan corporations. The rate of tax is equal to one percent of gross premiums less return premiums on all direct business received by the organization, network, plan, or corporation or its agents in Minnesota, in cash or otherwise, in the calendar year.

(b) The commissioner shall deposit all revenues, including penalties and interest, collected under this chapter from health maintenance organizations, community integrated service networks, and nonprofit health service plan corporations in the health care access fund and shall deposit all revenues collected from OneCare Buy-In plans in the hospital financial deficiency fund established under section 256T.02, subdivision 12. Refunds of overpayments of tax imposed by this subdivision must be paid from the health care access fund. There is annually appropriated from the health care access fund to the commissioner the amount necessary to make any refunds of the tax imposed under this subdivision.

**EFFECTIVE DATE.** This section is effective for premiums received on or after January 1, 2023."

Adjust amounts accordingly

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

Schultz moved to amend the Albright amendment to H. F. No. 2414, the first engrossment, as amended, as follows:

Page 1, line 5, delete "deficiency" and insert "reimbursement"

Page 1, line 6, delete "deficiency" and insert "reimbursement"

Page 1, line 7, delete everything after "of" and insert "uncompensated care caused by high-deductible health plans."

Page 1, delete line 8

Page 2, line 2, delete "deficiency" and insert "reimbursement"

The motion prevailed and the amendment to the amendment was adopted.

The question recurred on the Albright amendment, as amended, and the roll was called. There were 122 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The motion prevailed and the amendment, as amended, was adopted.

The Speaker resumed the Chair.



Cantrell moved to amend H. F. No. 2414, the first engrossment, as amended, as follows:

Page 514, after line 7, insert:

"Sec. 6. **[214.078] PROTECTION FROM CONVERSION THERAPY.**

**Subdivision 1. Definition.** "Conversion therapy" means any practice by a mental health practitioner or mental health professional as defined in section 245.462 that seeks to change an individual's sexual orientation or gender identity, including efforts to change behaviors or gender expressions or to eliminate or reduce sexual or romantic attractions or feelings toward individuals of the same gender. Conversion therapy does not include counseling that provides assistance to an individual undergoing gender transition, or counseling that provides acceptance, support, and understanding of an individual or facilitates an individual's coping, social support, and identity exploration and development, including sexual-orientation-neutral interventions to prevent or address unlawful conduct or unsafe sexual practices, as long as the counseling does not seek to change an individual's sexual orientation or gender identity.

**Subd. 2. Prohibition.** (a) No mental health practitioner or mental health professional shall engage in conversion therapy with a client younger than 18 years of age or with a vulnerable adult as defined in section 626.5572, subdivision 21.

(b) Conversion therapy attempted by a mental health practitioner or mental health professional with a client younger than 18 years of age or with vulnerable adults shall be considered unprofessional conduct and the mental health practitioner or mental health professional may be subject to disciplinary action by the licensing board of the mental health practitioner or mental health professional.

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

Page 535, after line 29, insert:

"Sec. 22. Minnesota Statutes 2018, section 256B.0625, is amended by adding a subdivision to read:

**Subd. 5m. Conversion therapy.** Conversion therapy, as defined in section 214.078, is not covered."

Page 568, after line 19, insert:

"Sec. 43. Minnesota Statutes 2018, section 325F.69, is amended by adding a subdivision to read:

**Subd. 7. Advertisement and sales; misrepresentation of conversion therapy.** No person or entity shall, while conducting any trade or commerce, use or employ any fraud, false pretense, false promise, false guarantee, misrepresentation, false or misleading statements, or deceptive practice when advertising or otherwise offering conversion therapy services. For purposes of this subdivision, "conversion therapy" means services or products that are intended to change an individual's sexual orientation or gender identity, including efforts to change behaviors and gender expressions or to eliminate or reduce sexual or romantic attractions or feelings toward individuals of the same gender."

ReNUMBER the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

Miller offered an amendment to the Cantrell amendment to H. F. No. 2414, the first engrossment, as amended.

#### POINT OF ORDER

Olson raised a point of order pursuant to rule 3.21(b) that the Miller amendment to the Cantrell amendment was not in order. The Speaker ruled the point of order well taken and the Miller amendment to the Cantrell amendment out of order.

The question recurred on the Cantrell amendment and the roll was called. There were 72 yeas and 53 nays as follows:

Those who voted in the affirmative were:

Acomb	Davnie	Her	Lillie	Nelson, M.	Sundin
Bahner	Dehn	Hornstein	Lippert	Noor	Tabke
Becker-Finn	Ecklund	Howard	Loeffler	Olson	Vang
Bernardy	Edelson	Huot	Long	Persell	Wagenius
Bierman	Elkins	Klevorn	Mahoney	Pinto	Wazlawik
Brand	Fischer	Koegel	Mann	Poppe	Winkler
Cantrell	Freiberg	Kotyza-Witthuhn	Mariani	Pryor	Wolgamott
Carlson, A.	Gomez	Kunesh-Podein	Masin	Richardson	Xiong, J.
Carlson, L.	Halverson	Lee	Moller	Sandell	Xiong, T.
Christensen	Hansen	Lesch	Moran	Sauke	Youakim
Clafin	Hassan	Liebling	Morrison	Schultz	Zerwas
Considine	Hausman	Lien	Murphy	Stephenson	Spk. Hortman

Those who voted in the negative were:

Albright	Dettmer	Heinrich	Lueck	Nornes	Runbeck
Anderson	Erickson	Heintzeman	Marquart	O'Driscoll	Sandstede
Bahr	Fabian	Hertaus	McDonald	O'Neill	Schomacker
Baker	Franson	Johnson	Mekeland	Pelowski	Scott
Bennett	Garofalo	Kiel	Miller	Petersburg	Theis
Boe	Green	Koznick	Munson	Pierson	Torkelson
Daniels	Gruenhagen	Kresha	Nash	Poston	Urdahl
Daudt	Gunther	Layman	Nelson, N.	Quam	Vogel
Davids	Haley	Lucero	Neu	Robbins	

The motion prevailed and the amendment was adopted.

Neu offered an amendment to H. F. No. 2414, the first engrossment, as amended.

#### POINT OF ORDER

Carlson, L., raised a point of order pursuant to rule 4.03, relating to Ways and Means Committee; Budget Resolution; Effect on Expenditure and Revenue Bills, that the Neu amendment was not in order. The Speaker ruled the point of order well taken and the Neu amendment out of order.

Neu moved to amend H. F. No. 2414, the first engrossment, as amended, as follows:

Page 567, after line 31, insert:

"Sec. 40. Minnesota Statutes 2018, section 295.50, subdivision 9b, is amended to read:

Subd. 9b. **Patient services.** (a) "Patient services" means inpatient and outpatient services and other goods and services provided by hospitals, surgical centers, or health care providers. They include the following health care goods and services provided to a patient or consumer:

- (1) bed and board;
- (2) nursing services and other related services;
- (3) use of hospitals, surgical centers, or health care provider facilities;
- (4) medical social services;
- (5) drugs, biologicals, supplies, appliances, and equipment;
- (6) other diagnostic or therapeutic items or services;
- (7) medical or surgical services;
- (8) items and services furnished to ambulatory patients not requiring emergency care; and
- (9) emergency services.

(b) "Patient services" does not include:

- (1) services provided to nursing homes licensed under chapter 144A;
- (2) examinations for purposes of utilization reviews, insurance claims or eligibility, litigation, and employment, including reviews of medical records for those purposes;
- (3) services provided to and by community residential mental health facilities licensed under Minnesota Rules, parts 9520.0500 to 9520.0670, and to and by residential treatment programs for children with severe emotional disturbance licensed or certified under chapter 245A;
- (4) services provided to and by community support programs and family community support programs approved under Minnesota Rules, parts 9535.1700 to 9535.1760, or certified as mental health rehabilitative services under chapter 256B;

- (5) services provided to and by community mental health centers as defined in section 245.62, subdivision 2;
- (6) services provided to and by assisted living programs and congregate housing programs;
- (7) hospice care services;
- (8) home and community-based waived services under sections 256B.0915, 256B.49, and 256B.501;

(9) targeted case management services under sections 256B.0621; 256B.0625, subdivisions 20, 20a, 33, and 44; and 256B.094; ~~and~~

(10) services provided to the following: supervised living facilities for persons with developmental disabilities licensed under Minnesota Rules, parts 4665.0100 to 4665.9900; housing with services establishments required to be registered under chapter 144D; board and lodging establishments providing only custodial services that are licensed under chapter 157 and registered under section 157.17 to provide supportive services or health supervision services; adult foster homes as defined in Minnesota Rules, part 9555.5105; day training and habilitation services for adults with developmental disabilities as defined in section 252.41, subdivision 3; boarding care homes as defined in Minnesota Rules, part 4655.0100; adult day care services as defined in section 245A.02, subdivision 2a; and home health agencies as defined in Minnesota Rules, part 9505.0175, subpart 15, or licensed under chapter 144A; and

(11) services provided for the treatment of cancer.

**EFFECTIVE DATE.** This section is effective July 1, 2021."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The Speaker called Olson to the Chair.

The question was taken on the Neu amendment and the roll was called. There were 53 yeas and 74 nays as follows:

Those who voted in the affirmative were:

Albright	Dettmer	Haley	Layman	Neu	Runbeck
Anderson	Erickson	Heinrich	Lucero	Nornes	Schomacker
Bahr	Fabian	Heintzeman	Lueck	O'Driscoll	Scott
Baker	Franson	Hertaus	McDonald	O'Neill	Theis
Bennett	Garofalo	Johnson	Mekeland	Petersburg	Torkelson
Boe	Green	Jurgens	Miller	Pierson	Urdahl
Daniels	Grossell	Kiel	Munson	Poston	Vogel
Daudt	Gruenhagen	Koznick	Nash	Quam	Zerwas
Davids	Gunther	Kresha	Nelson, N.	Robbins	

Those who voted in the negative were:

Acomb	Claffin	Halverson	Kotzya-Witthuhn	Long	Nelson, M.
Bahner	Considine	Hansen	Kunesh-Podein	Mahoney	Noor
Becker-Finn	Davnie	Hassan	Lee	Mann	Olson
Bernardy	Dehn	Hausman	Lesch	Mariani	Persell
Bierman	Ecklund	Her	Liebling	Marquart	Pinto
Brand	Edelson	Hornstein	Lien	Masin	Poppe
Cantrell	Elkins	Howard	Lillie	Moller	Pryor
Carlson, A.	Fischer	Huot	Lippert	Moran	Richardson
Carlson, L.	Freiberg	Klevorn	Lislegard	Morrison	Sandell
Christensen	Gomez	Koegel	Loeffler	Murphy	Sandstede

Sauke  
Schultz  
Stephenson

Sundin  
Tabke  
Vang

Wagenius  
Wazlawik  
Winkler

Wolgamott  
Xiong, J.  
Xiong, T.

Youakim  
Spk. Hortman

The motion did not prevail and the amendment was not adopted.

Neu moved to amend H. F. No. 2414, the first engrossment, as amended, as follows:

Page 567, after line 31, insert:

"Sec. 40. Minnesota Statutes 2018, section 295.50, subdivision 9b, is amended to read:

Subd. 9b. **Patient services.** (a) "Patient services" means inpatient and outpatient services and other goods and services provided by hospitals, surgical centers, or health care providers. They include the following health care goods and services provided to a patient or consumer:

- (1) bed and board;
- (2) nursing services and other related services;
- (3) use of hospitals, surgical centers, or health care provider facilities;
- (4) medical social services;
- (5) drugs, biologicals, supplies, appliances, and equipment;
- (6) other diagnostic or therapeutic items or services;
- (7) medical or surgical services;
- (8) items and services furnished to ambulatory patients not requiring emergency care; and
- (9) emergency services.

(b) "Patient services" does not include:

- (1) services provided to nursing homes licensed under chapter 144A;
- (2) examinations for purposes of utilization reviews, insurance claims or eligibility, litigation, and employment, including reviews of medical records for those purposes;
- (3) services provided to and by community residential mental health facilities licensed under Minnesota Rules, parts 9520.0500 to 9520.0670, and to and by residential treatment programs for children with severe emotional disturbance licensed or certified under chapter 245A;
- (4) services provided to and by community support programs and family community support programs approved under Minnesota Rules, parts 9535.1700 to 9535.1760, or certified as mental health rehabilitative services under chapter 256B;

- (5) services provided to and by community mental health centers as defined in section 245.62, subdivision 2;

(6) services provided to and by assisted living programs and congregate housing programs;

(7) hospice care services;

(8) home and community-based waived services under sections 256B.0915, 256B.49, and 256B.501;

(9) targeted case management services under sections 256B.0621; 256B.0625, subdivisions 20, 20a, 33, and 44; and 256B.094; ~~and~~

(10) services provided to the following: supervised living facilities for persons with developmental disabilities licensed under Minnesota Rules, parts 4665.0100 to 4665.9900; housing with services establishments required to be registered under chapter 144D; board and lodging establishments providing only custodial services that are licensed under chapter 157 and registered under section 157.17 to provide supportive services or health supervision services; adult foster homes as defined in Minnesota Rules, part 9555.5105; day training and habilitation services for adults with developmental disabilities as defined in section 252.41, subdivision 3; boarding care homes as defined in Minnesota Rules, part 4655.0100; adult day care services as defined in section 245A.02, subdivision 2a; and home health agencies as defined in Minnesota Rules, part 9505.0175, subpart 15, or licensed under chapter 144A-; and

(11) delivery and prenatal and postpartum care services.

**EFFECTIVE DATE.** This section is effective July 1, 2021."

Re-number the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Neu amendment and the roll was called. There were 53 yeas and 75 nays as follows:

Those who voted in the affirmative were:

Albright	Dettmer	Haley	Layman	Neu	Runbeck
Anderson	Erickson	Heinrich	Lucero	Nornes	Schomacker
Bahr	Fabian	Heintzeman	Lueck	O'Driscoll	Scott
Baker	Franson	Hertaus	McDonald	O'Neill	Theis
Bennett	Garofalo	Johnson	Mekeland	Petersburg	Torkelson
Boe	Green	Jurgens	Miller	Pierson	Urdahl
Daniels	Grossell	Kiel	Munson	Poston	Vogel
Daudt	Gruenhagen	Koznick	Nash	Quam	Zerwas
Davids	Gunther	Kresha	Nelson, N.	Robbins	

Those who voted in the negative were:

Acomb	Cantrell	Davnie	Freiberg	Her	Kotzya-Witthuhn
Bahner	Carlson, A.	Dehn	Gomez	Hornstein	Kunesh-Podein
Becker-Finn	Carlson, L.	Ecklund	Halverson	Howard	Lee
Bernardy	Christensen	Edelson	Hansen	Huot	Lesch
Bierman	Clafin	Elkins	Hassan	Klevorn	Liebling
Brand	Considine	Fischer	Hausman	Koegel	Lien

Lillie	Mariani	Nelson, M.	Pryor	Sundin	Xiong, J.
Lippert	Marquart	Noor	Richardson	Tabke	Xiong, T.
Lislegard	Masin	Olson	Sandell	Vang	Youakim
Loeffler	Moller	Pelowski	Sandstede	Wagenius	Spk. Hortman
Long	Moran	Persell	Sauke	Wazlawik	
Mahoney	Morrison	Pinto	Schultz	Winkler	
Mann	Murphy	Poppe	Stephenson	Wolgamott	

The motion did not prevail and the amendment was not adopted.

Baker moved to amend H. F. No. 2414, the first engrossment, as amended, as follows:

Page 567, after line 31, insert:

"Sec. 40. Minnesota Statutes 2018, section 295.50, subdivision 9b, is amended to read:

Subd. 9b. **Patient services.** (a) "Patient services" means inpatient and outpatient services and other goods and services provided by hospitals, surgical centers, or health care providers. They include the following health care goods and services provided to a patient or consumer:

- (1) bed and board;
- (2) nursing services and other related services;
- (3) use of hospitals, surgical centers, or health care provider facilities;
- (4) medical social services;
- (5) drugs, biologicals, supplies, appliances, and equipment;
- (6) other diagnostic or therapeutic items or services;
- (7) medical or surgical services;
- (8) items and services furnished to ambulatory patients not requiring emergency care; and
- (9) emergency services.

(b) "Patient services" does not include:

- (1) services provided to nursing homes licensed under chapter 144A;
- (2) examinations for purposes of utilization reviews, insurance claims or eligibility, litigation, and employment, including reviews of medical records for those purposes;
- (3) services provided to and by community residential mental health facilities licensed under Minnesota Rules, parts 9520.0500 to 9520.0670, and to and by residential treatment programs for children with severe emotional disturbance licensed or certified under chapter 245A;

(4) services provided to and by community support programs and family community support programs approved under Minnesota Rules, parts 9535.1700 to 9535.1760, or certified as mental health rehabilitative services under chapter 256B;

(5) services provided to and by community mental health centers as defined in section 245.62, subdivision 2;

(6) services provided to and by assisted living programs and congregate housing programs;

(7) hospice care services;

(8) home and community-based waived services under sections 256B.0915, 256B.49, and 256B.501;

(9) targeted case management services under sections 256B.0621; 256B.0625, subdivisions 20, 20a, 33, and 44; and 256B.094; ~~and~~

(10) services provided to the following: supervised living facilities for persons with developmental disabilities licensed under Minnesota Rules, parts 4665.0100 to 4665.9900; housing with services establishments required to be registered under chapter 144D; board and lodging establishments providing only custodial services that are licensed under chapter 157 and registered under section 157.17 to provide supportive services or health supervision services; adult foster homes as defined in Minnesota Rules, part 9555.5105; day training and habilitation services for adults with developmental disabilities as defined in section 252.41, subdivision 3; boarding care homes as defined in Minnesota Rules, part 4655.0100; adult day care services as defined in section 245A.02, subdivision 2a; and home health agencies as defined in Minnesota Rules, part 9505.0175, subpart 15, or licensed under chapter 144A; ~~and~~

(11) services provided for the treatment of an opioid use disorder.

**EFFECTIVE DATE.** This section is effective July 1, 2021."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Baker amendment and the roll was called. There were 53 yeas and 75 nays as follows:

Those who voted in the affirmative were:

Albright	Dettmer	Haley	Layman	Neu	Runbeck
Anderson	Erickson	Heinrich	Lucero	Nornes	Schomacker
Bahr	Fabian	Heintzeman	Lueck	O'Driscoll	Scott
Baker	Franson	Hertaus	McDonald	O'Neill	Theis
Bennett	Garofalo	Johnson	Mekeland	Petersburg	Torkelson
Boe	Green	Jurgens	Miller	Pierson	Urdahl
Daniels	Grossell	Kiel	Munson	Poston	Vogel
Daudt	Gruenhagen	Koznick	Nash	Quam	Zerwas
Davids	Gunther	Kresha	Nelson, N.	Robbins	



Those who voted in the negative were:

Acomb	Dehn	Howard	Loeffler	Olson	Tabke
Bahner	Ecklund	Huot	Long	Pelowski	Vang
Becker-Finn	Edelson	Klevorn	Mahoney	Persell	Wagenius
Bernardy	Elkins	Koegel	Mann	Pinto	Wazlawik
Bierman	Fischer	Kotyza-Witthuhn	Mariani	Poppe	Winkler
Brand	Freiberg	Kunesh-Podein	Marquart	Pryor	Wolgamott
Cantrell	Gomez	Lee	Masin	Richardson	Xiong, J.
Carlson, A.	Halverson	Lesch	Moller	Sandell	Xiong, T.
Carlson, L.	Hansen	Liebling	Moran	Sandstede	Youakim
Christensen	Hassan	Lien	Morrison	Sauke	Spk. Hortman
Clafin	Hausman	Lillie	Murphy	Schultz	
Considine	Her	Lippert	Nelson, M.	Stephenson	
Davnie	Hornstein	Lislegard	Noor	Sundin	

The motion did not prevail and the amendment was not adopted.

Neu moved to amend H. F. No. 2414, the first engrossment, as amended, as follows:

Page 567, after line 31, insert:

"Sec. 40. Minnesota Statutes 2018, section 295.50, subdivision 9b, is amended to read:

Subd. 9b. **Patient services.** (a) "Patient services" means inpatient and outpatient services and other goods and services provided by hospitals, surgical centers, or health care providers. They include the following health care goods and services provided to a patient or consumer:

- (1) bed and board;
- (2) nursing services and other related services;
- (3) use of hospitals, surgical centers, or health care provider facilities;
- (4) medical social services;
- (5) drugs, biologicals, supplies, appliances, and equipment;
- (6) other diagnostic or therapeutic items or services;
- (7) medical or surgical services;
- (8) items and services furnished to ambulatory patients not requiring emergency care; and
- (9) emergency services.

(b) "Patient services" does not include:

- (1) services provided to nursing homes licensed under chapter 144A;

(2) examinations for purposes of utilization reviews, insurance claims or eligibility, litigation, and employment, including reviews of medical records for those purposes;

(3) services provided to and by community residential mental health facilities licensed under Minnesota Rules, parts 9520.0500 to 9520.0670, and to and by residential treatment programs for children with severe emotional disturbance licensed or certified under chapter 245A;

(4) services provided to and by community support programs and family community support programs approved under Minnesota Rules, parts 9535.1700 to 9535.1760, or certified as mental health rehabilitative services under chapter 256B;

(5) services provided to and by community mental health centers as defined in section 245.62, subdivision 2;

(6) services provided to and by assisted living programs and congregate housing programs;

(7) hospice care services;

(8) home and community-based waived services under sections 256B.0915, 256B.49, and 256B.501;

(9) targeted case management services under sections 256B.0621; 256B.0625, subdivisions 20, 20a, 33, and 44; and 256B.094; ~~and~~

(10) services provided to the following: supervised living facilities for persons with developmental disabilities licensed under Minnesota Rules, parts 4665.0100 to 4665.9900; housing with services establishments required to be registered under chapter 144D; board and lodging establishments providing only custodial services that are licensed under chapter 157 and registered under section 157.17 to provide supportive services or health supervision services; adult foster homes as defined in Minnesota Rules, part 9555.5105; day training and habilitation services for adults with developmental disabilities as defined in section 252.41, subdivision 3; boarding care homes as defined in Minnesota Rules, part 4655.0100; adult day care services as defined in section 245A.02, subdivision 2a; and home health agencies as defined in Minnesota Rules, part 9505.0175, subpart 15, or licensed under chapter 144A-; and

(11) services provided for the treatment of diabetes.

**EFFECTIVE DATE.** This section is effective July 1, 2021."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Neu amendment and the roll was called. There were 53 yeas and 75 nays as follows:

Those who voted in the affirmative were:

Albright	Bennett	Davids	Franson	Gruenhagen	Heintzeman
Anderson	Boe	Dettmer	Garofalo	Gunther	Hertaus
Bahr	Daniels	Erickson	Green	Haley	Johnson
Baker	Daudt	Fabian	Grossell	Heinrich	Jurgens

Kiel	Lueck	Nash	O'Neill	Robbins	Torkelson
Koznick	McDonald	Nelson, N.	Petersburg	Runbeck	Urdahl
Kresha	Mekeland	Neu	Pierson	Schomacker	Vogel
Layman	Miller	Nornes	Poston	Scott	Zerwas
Lucero	Munson	O'Driscoll	Quam	Theis	

Those who voted in the negative were:

Acomb	Dehn	Howard	Loeffler	Olson	Tabke
Bahner	Ecklund	Huot	Long	Pelowski	Vang
Becker-Finn	Edelson	Klevorn	Mahoney	Persell	Wagenius
Bernardy	Elkins	Koegel	Mann	Pinto	Wazlawik
Bierman	Fischer	Kotyza-Wittuhn	Mariani	Poppe	Winkler
Brand	Freiberg	Kunesh-Podein	Marquart	Pryor	Wolgamott
Cantrell	Gomez	Lee	Masin	Richardson	Xiong, J.
Carlson, A.	Halverson	Lesch	Moller	Sandell	Xiong, T.
Carlson, L.	Hansen	Liebling	Moran	Sandstede	Youakim
Christensen	Hassan	Lien	Morrison	Sauke	Spk. Hortman
Clafin	Hausman	Lillie	Murphy	Schultz	
Considine	Her	Lippert	Nelson, M.	Stephenson	
Davnie	Hornstein	Lislegard	Noor	Sundin	

The motion did not prevail and the amendment was not adopted.

Speaker pro tempore Olson called Halverson to the Chair.

Franson moved to amend H. F. No. 2414, the first engrossment, as amended, as follows:

Page 106, after line 23, insert:

"Sec. 49. **[245A.24] MANDATORY REPORTING.**

All licensors whether employed by a county or the Department of Human Services must immediately report any suspected fraud to the appropriate authorities."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

Franson moved to amend the Franson amendment to H. F. No. 2414, the first engrossment, as amended, as follows:

Page 1, line 4, before "All" insert "(a)"

Page 1, line 5, delete "the appropriate authorities" and insert "county or state fraud investigators"

Page 1, after line 5, insert:

"(b) A person who makes a good faith report is immune from any civil or criminal liability that might otherwise arise from reporting or participating in the investigation. Nothing in this subdivision affects a child care provider's responsibility for an overpayment established under chapter 119B or 245E."

A roll call was requested and properly seconded.

The question was taken on the Franson amendment to the Franson amendment and the roll was called. There were 54 yeas and 74 nays as follows:

Those who voted in the affirmative were:

Albright	Dettmer	Haley	Layman	Neu	Runbeck
Anderson	Drazkowski	Heinrich	Lucero	Nornes	Schomacker
Bahr	Fabian	Heintzeman	Lueck	O'Driscoll	Scott
Baker	Franson	Hertaus	McDonald	O'Neill	Stephenson
Bennett	Garofalo	Johnson	Mekeland	Petersburg	Theis
Boe	Green	Jurgens	Miller	Pierson	Torkelson
Daniels	Grossell	Kiel	Munson	Poston	Urdahl
Daudt	Gruenhagen	Koznick	Nash	Quam	Vogel
Davids	Gunther	Kresha	Nelson, N.	Robbins	Zerwas

Those who voted in the negative were:

Acomb	Dehn	Howard	Loeffler	Olson	Vang
Bahner	Ecklund	Huot	Long	Pelowski	Wagenius
Becker-Finn	Edelson	Klevorn	Mahoney	Persell	Wazlawik
Bernardy	Elkins	Koegel	Mann	Pinto	Winkler
Bierman	Fischer	Kotyza-Witthuhn	Mariani	Poppe	Wolgamott
Brand	Freiberg	Kunesh-Podein	Marquart	Pryor	Xiong, J.
Cantrell	Gomez	Lee	Masin	Richardson	Xiong, T.
Carlson, A.	Halverson	Lesch	Moller	Sandell	Youakim
Carlson, L.	Hansen	Liebling	Moran	Sandstede	Spk. Hortman
Christensen	Hassan	Lien	Morrison	Sauke	
Clafin	Hausman	Lillie	Murphy	Schultz	
Considine	Her	Lippert	Nelson, M.	Sundin	
Davnie	Hornstein	Lislegard	Noor	Tabke	

The motion did not prevail and the amendment to the amendment was not adopted.

The question recurred on the Franson amendment and the roll was called. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Acomb	Bernardy	Clafin	Drazkowski	Freiberg	Halverson
Albright	Bierman	Considine	Ecklund	Garofalo	Hansen
Anderson	Boe	Daniels	Edelson	Gomez	Hassan
Bahner	Brand	Daudt	Elkins	Green	Hausman
Bahr	Cantrell	Davids	Erickson	Grossell	Heinrich
Baker	Carlson, A.	Davnie	Fabian	Gruenhagen	Heintzeman
Becker-Finn	Carlson, L.	Dehn	Fischer	Gunther	Her
Bennett	Christensen	Dettmer	Franson	Haley	Hertaus

Hornstein	Lesch	Masin	Nornes	Robbins	Vang
Howard	Liebling	McDonald	O'Driscoll	Runbeck	Vogel
Huot	Lien	Mekeland	Olson	Sandell	Wagenius
Johnson	Lillie	Miller	O'Neill	Sandstede	Wazlawik
Jurgens	Lippert	Moller	Pelowski	Sauke	Winkler
Kiel	Lislegard	Moran	Persell	Schomacker	Wolgamott
Klevorn	Loeffler	Morrison	Petersburg	Schultz	Xiong, J.
Koegel	Long	Munson	Pierson	Scott	Xiong, T.
Kotyza-Witthuhn	Lucero	Murphy	Pinto	Stephenson	Youakim
Koznick	Lueck	Nash	Poppe	Sundin	Zerwas
Kresha	Mahoney	Nelson, M.	Poston	Tabke	Spk. Hortman
Kunesh-Podein	Mann	Nelson, N.	Pryor	Theis	
Layman	Mariani	Neu	Quam	Torkelson	
Lee	Marquart	Noor	Richardson	Urdahl	

The motion prevailed and the amendment was adopted.

Franson moved to amend H. F. No. 2414, the first engrossment, as amended, as follows:

Page 88, line 9, delete "or"

Page 88, after line 9, insert:

"(3) a child care license holder fails to comply with the child care assistance fraud investigation requirements under chapter 245E; or"

Page 88, line 10, delete "(3)" and insert "(4)"

A roll call was requested and properly seconded.

The question was taken on the Franson amendment and the roll was called. There were 54 yeas and 74 nays as follows:

Those who voted in the affirmative were:

Albright	Dettmer	Gunther	Kresha	Neu	Runbeck
Anderson	Drazkowski	Haley	Layman	Nornes	Schomacker
Bahr	Erickson	Heinrich	Lucero	O'Driscoll	Scott
Baker	Fabian	Heintzeman	Lueck	O'Neill	Stephenson
Bennett	Franson	Hertaus	Mekeland	Petersburg	Theis
Boe	Garofalo	Johnson	Miller	Pierson	Torkelson
Daniels	Green	Jurgens	Munson	Poston	Urdahl
Daudt	Grossell	Kiel	Nash	Quam	Vogel
Davids	Gruenhagen	Koznick	Nelson, N.	Robbins	Zerwas

Those who voted in the negative were:

Acomb	Bierman	Carlson, L.	Davnie	Elkins	Halverson
Bahner	Brand	Christensen	Dehn	Fischer	Hansen
Becker-Finn	Cantrell	Claffin	Ecklund	Freiberg	Hassan
Bernardy	Carlson, A.	Considine	Edelson	Gomez	Hausman

Her	Lesch	Mann	Noor	Sandstede	Wolgamott
Hornstein	Liebling	Mariani	Olson	Sauke	Xiong, J.
Howard	Lien	Marquart	Pelowski	Schultz	Xiong, T.
Huot	Lillie	Masin	Persell	Sundin	Youakim
Klevorn	Lippert	Moller	Pinto	Tabke	Spk. Hortman
Koegel	Lislegard	Moran	Poppe	Vang	
Kotyza-Witthuhn	Loeffler	Morrison	Pryor	Wagenius	
Kunesh-Podein	Long	Murphy	Richardson	Wazlawik	
Lee	Mahoney	Nelson, M.	Sandell	Winkler	

The motion did not prevail and the amendment was not adopted.

Franson offered an amendment to H. F. No. 2414, the first engrossment, as amended.

#### POINT OF ORDER

Carlson, L., raised a point of order pursuant to rule 4.03, relating to Ways and Means Committee; Budget Resolution; Effect on Expenditure and Revenue Bills, that the Franson amendment was not in order. Speaker pro tempore Halverson ruled the point of order well taken and the Franson amendment out of order.

Daudt appealed the decision of Speaker pro tempore Halverson.

A roll call was requested and properly seconded.

The vote was taken on the question "Shall the decision of Speaker pro tempore Halverson stand as the judgment of the House?" and the roll was called. There were 76 yeas and 53 nays as follows:

Those who voted in the affirmative were:

Acomb	Dehn	Howard	Loeffler	Noor	Sundin
Bahner	Ecklund	Huot	Long	Olson	Tabke
Becker-Finn	Edelson	Klevorn	Mahoney	Pelowski	Vang
Bernardy	Elkins	Koegel	Mann	Persell	Wagenius
Bierman	Fischer	Kotyza-Witthuhn	Mariani	Pinto	Wazlawik
Brand	Freiberg	Kunesh-Podein	Marquart	Poppe	Winkler
Cantrell	Gomez	Lee	Masin	Pryor	Wolgamott
Carlson, A.	Halverson	Lesch	Moller	Richardson	Xiong, J.
Carlson, L.	Hansen	Liebling	Moran	Sandell	Xiong, T.
Christensen	Hassan	Lien	Morrison	Sandstede	Youakim
Clafin	Hausman	Lillie	Murphy	Sauke	Spk. Hortman
Considine	Her	Lippert	Nelson, M.	Schultz	
Davnie	Hornstein	Lislegard	Neu	Stephenson	

Those who voted in the negative were:

Albright	Bennett	Dauids	Fabian	Grossell	Heinrich
Anderson	Boe	Dettmer	Franson	Gruenhagen	Heintzeman
Bahr	Daniels	Drazkowski	Garofalo	Gunther	Hertaus
Baker	Daudt	Erickson	Green	Haley	Johnson

Jurgens	Lucero	Munson	O'Neill	Robbins	Torkelson
Kiel	Lueck	Nash	Petersburg	Runbeck	Urdahl
Koznick	McDonald	Nelson, N.	Pierson	Schomacker	Vogel
Kresha	Mekeland	Nornes	Poston	Scott	Zerwas
Layman	Miller	O'Driscoll	Quam	Theis	

So it was the judgment of the House that the decision of Speaker pro tempore Halverson should stand.

Franson moved to amend H. F. No. 2414, the first engrossment, as amended, as follows:

Page 12, after line 23, insert:

"(j) Notwithstanding paragraph (a), a provider with a past history of overpayments, fraud investigations or disqualifications, or an ongoing fraud investigation must receive a maximum rate equal to the lesser of: (1) the maximum rate effective February 3, 2014; or (2) the 25th percentile of the 2018 child care provider rate survey."

Page 12, line 24, delete "Paragraph (a) is" and insert "Paragraphs (a) and (j) are"

A roll call was requested and properly seconded.

The question was taken on the Franson amendment and the roll was called. There were 53 yeas and 76 nays as follows:

Those who voted in the affirmative were:

Albright	Erickson	Heinrich	Lucero	Nornes	Schomacker
Anderson	Fabian	Heintzeman	Lueck	O'Driscoll	Scott
Baker	Franson	Hertaus	McDonald	O'Neill	Stephenson
Bennett	Garofalo	Johnson	Mekeland	Petersburg	Theis
Daniels	Green	Jurgens	Miller	Pierson	Torkelson
Daudt	Grossell	Kiel	Munson	Poston	Urdahl
Davids	Gruenhagen	Koznick	Nash	Quam	Vogel
Dettmer	Gunther	Kresha	Nelson, N.	Robbins	Zerwas
Drazkowski	Haley	Layman	Neu	Runbeck	

Those who voted in the negative were:

Acomb	Considine	Her	Lippert	Nelson, M.	Sundin
Bahner	Davnie	Hornstein	Lislegard	Noor	Tabke
Bahr	Dehn	Howard	Loeffler	Olson	Vang
Becker-Finn	Ecklund	Huot	Long	Pelowski	Wagenius
Bernardy	Edelson	Klevorn	Mahoney	Persell	Wazlawik
Bierman	Elkins	Koegel	Mann	Pinto	Winkler
Boe	Fischer	Kotzya-Witthuhn	Mariani	Poppe	Wolgamott
Brand	Freiberg	Kunesh-Podein	Marquart	Pryor	Xiong, J.
Cantrell	Gomez	Lee	Masin	Richardson	Xiong, T.
Carlson, A.	Halverson	Lesch	Moller	Sandell	Youakim
Carlson, L.	Hansen	Liebling	Moran	Sandstede	Spk. Hortman
Christensen	Hassan	Lien	Morrison	Sauke	
Clafin	Hausman	Lillie	Murphy	Schultz	

The motion did not prevail and the amendment was not adopted.

Speaker pro tempore Halverson called Marquart to the Chair.

Halverson was excused between the hours of 2:35 p.m. and 4:20 p.m.

Franson offered an amendment to H. F. No. 2414, the first engrossment, as amended.

#### POINT OF ORDER

Carlson, L., raised a point of order pursuant to rule 4.03, relating to Ways and Means Committee; Budget Resolution; Effect on Expenditure and Revenue Bills, that the Franson amendment was not in order. Speaker pro tempore Marquart ruled the point of order well taken and the Franson amendment out of order.

Neu appealed the decision of Speaker pro tempore Marquart.

A roll call was requested and properly seconded.

The vote was taken on the question "Shall the decision of Speaker pro tempore Marquart stand as the judgment of the House?" and the roll was called. There were 74 yeas and 54 nays as follows:

Those who voted in the affirmative were:

Acomb	Dehn	Huot	Long	Pelowski	Vang
Bahner	Ecklund	Klevorn	Mahoney	Persell	Wagenius
Becker-Finn	Edelson	Koegel	Mann	Pinto	Wazlawik
Bernardy	Elkins	Kotyza-Witthuhn	Mariani	Poppe	Winkler
Bierman	Fischer	Kunesh-Podein	Marquart	Pryor	Wolgamott
Brand	Freiberg	Lee	Masin	Richardson	Xiong, J.
Cantrell	Gomez	Lesch	Moller	Sandell	Xiong, T.
Carlson, A.	Hansen	Liebling	Moran	Sandstede	Youakim
Carlson, L.	Hassan	Lien	Morrison	Sauke	Spk. Hortman
Christensen	Hausman	Lillie	Murphy	Schultz	
Clafin	Her	Lippert	Nelson, M.	Stephenson	
Considine	Hornstein	Lislegard	Noor	Sundin	
Davnie	Howard	Loeffler	Olson	Tabke	

Those who voted in the negative were:

Albright	Dettmer	Gunther	Kresha	Nelson, N.	Robbins
Anderson	Drazkowski	Haley	Layman	Neu	Runbeck
Bahr	Erickson	Heinrich	Lucero	Nornes	Schomacker
Baker	Fabian	Heintzeman	Lueck	O'Driscoll	Scott
Bennett	Franson	Hertaus	McDonald	O'Neill	Theis
Boe	Garofalo	Johnson	Mekeland	Petersburg	Torkelson
Daniels	Green	Jurgens	Miller	Pierson	Urdahl
Daudt	Grossell	Kiel	Munson	Poston	Vogel
Davids	Gruenhagen	Koznick	Nash	Quam	Zerwas

So it was the judgment of the House that the decision of Speaker pro tempore Marquart should stand.



Franson moved to amend H. F. No. 2414, the first engrossment, as amended, as follows:

Page 1007, line 10, delete "152,118,000" and insert "153,274,000" and delete "149,405,000" and insert "150,617,000"

Page 1009, after line 31, insert:

"(h) Office of Inspector General Investigators. \$418,000 in fiscal year 2020 and \$483,000 in fiscal year 2021 are appropriated from the general fund to the commissioner of human services for purposes of adding four additional full-time equivalent positions to the Office of Inspector General, Financial Fraud and Abuse Investigation Division. Of these full-time equivalent positions, three positions must be investigator positions and the fourth position must be a child care assistance fraud supervisor. The individuals who fill the positions must have a background in law enforcement.

(i) Fraud Prevention Investigation Grant Program. \$746,000 in fiscal year 2020 and \$729,000 in fiscal year 2021 are appropriated from the general fund to the commissioner of human services for the purposes of the fraud prevention investigation grant program under Minnesota Statutes, section 256.983."

Page 1009, line 32, delete "(h)" and insert "(j)"

Page 1010, line 5, delete "(i)" and insert "(k)"

Page 1015, line 32, delete "63,935,000" and insert "62,774,000" and delete "75,046,000" and insert "73,834,000"

Page 1015, line 35, delete "\$7,821,000" and insert "\$6,660,000"

Page 1016, line 1, delete "\$17,901,000" and insert "\$16,689,000"

A roll call was requested and properly seconded.

The question was taken on the Franson amendment and the roll was called. There were 55 yeas and 73 nays as follows:

Those who voted in the affirmative were:

Albright	Drazkowski	Heinrich	Lueck	O'Neill	Theis
Anderson	Erickson	Heintzeman	McDonald	Petersburg	Torkelson
Bahr	Fabian	Hertaus	Mekeland	Pierson	Urdahl
Baker	Franson	Johnson	Miller	Poston	Vogel
Bennett	Garofalo	Jurgens	Munson	Quam	Zerwas
Boe	Green	Kiel	Nash	Robbins	
Daniels	Grossell	Koznick	Nelson, N.	Runbeck	
Daudt	Gruenhagen	Kresha	Neu	Schomacker	
Davids	Gunther	Layman	Nornes	Scott	
Dettmer	Haley	Lucero	O'Driscoll	Stephenson	

Those who voted in the negative were:

Acomb	Bernardy	Cantrell	Christensen	Davnie	Edelson
Bahner	Bierman	Carlson, A.	Clafin	Dehn	Elkins
Becker-Finn	Brand	Carlson, L.	Considine	Ecklund	Fischer

Freiberg	Koegel	Loeffler	Murphy	Sandell	Wolgamott
Gomez	Kotyza-Witthuhn	Long	Nelson, M.	Sandstede	Xiong, J.
Hansen	Kunesh-Podein	Mahoney	Noor	Sauke	Xiong, T.
Hassan	Lee	Mann	Olson	Schultz	Youakim
Hausman	Lesch	Mariani	Pelowski	Sundin	Spk. Hortman
Her	Liebling	Marquart	Persell	Tabke	
Hornstein	Lien	Masin	Pinto	Vang	
Howard	Lillie	Moller	Poppe	Wagenius	
Huot	Lippert	Moran	Pryor	Wazlawik	
Klevorn	Lislegard	Morrison	Richardson	Winkler	

The motion did not prevail and the amendment was not adopted.

Heintzeman moved to amend H. F. No. 2414, the first engrossment, as amended, as follows:

Page 1014, line 23, delete "86,497,000" and insert "95,898,000" and delete "94,095,000" and insert "111,996,000"

Page 1014, after line 23, insert:

**"Northstar Care for Children Alternate Rate. \$9,401,000 in fiscal year 2020 and \$17,901,000 in fiscal year 2021 are from the general fund for an increase to the alternate rate established under Minnesota Statutes, section 256N.26, subdivision 5, for a child who entered the Northstar kinship assistance or adoption assistance components of Northstar Care for Children while under the age of six, notwithstanding the requirements under that subdivision. The adjusted percentage must be set based on the amount appropriated under this subdivision."**

Page 1015, line 32, delete "63,935,000" and insert "53,534,000" and delete "75,046,000" and insert "57,145,000"

A roll call was requested and properly seconded.

The question was taken on the Heintzeman amendment and the roll was called. There were 52 yeas and 74 nays as follows:

Those who voted in the affirmative were:

Albright	Drazkowski	Heinrich	Lucero	Nornes	Schomacker
Anderson	Erickson	Heintzeman	Lueck	O'Driscoll	Scott
Bahr	Fabian	Hertaus	McDonald	O'Neill	Theis
Bennett	Franson	Johnson	Mekeland	Petersburg	Torkelson
Boe	Green	Jurgens	Miller	Pierson	Urdahl
Daniels	Grossell	Kiel	Munson	Poston	Vogel
Daudt	Gruenhagen	Koznick	Nash	Quam	Zerwas
Dauids	Gunther	Kresha	Nelson, N.	Robbins	
Dettmer	Haley	Layman	Neu	Runbeck	

Those who voted in the negative were:

Acomb	Dehn	Huot	Long	Pelowski	Vang
Bahner	Ecklund	Klevorn	Mahoney	Persell	Wagenius
Becker-Finn	Edelson	Koegel	Mann	Pinto	Wazlawik
Bernardy	Elkins	Kotzya-Witthuhn	Mariani	Poppe	Winkler
Bierman	Fischer	Kunesh-Podein	Marquart	Pryor	Wolgamott
Brand	Freiberg	Lee	Masin	Richardson	Xiong, J.
Cantrell	Gomez	Lesch	Moller	Sandell	Xiong, T.
Carlson, A.	Hansen	Liebling	Moran	Sandstede	Youakim
Carlson, L.	Hassan	Lien	Morrison	Sauke	Spk. Hortman
Christensen	Hausman	Lillie	Murphy	Schultz	
Clafin	Her	Lippert	Nelson, M.	Stephenson	
Considine	Hornstein	Lislegard	Noor	Sundin	
Davnie	Howard	Loeffler	Olson	Tabke	

The motion did not prevail and the amendment was not adopted.

Zerwas and Franson moved to amend H. F. No. 2414, the first engrossment, as amended, as follows:

Page 63, after line 18, insert:

"Sec. 8. Minnesota Statutes 2018, section 119B.125, is amended by adding a subdivision to read:

Subd. 10. **Proof of surety bond coverage.** All licensed child care centers authorized for reimbursement under this chapter that received child care assistance program revenue equal to or greater than \$250,000 in the previous calendar year must provide to the commissioner at least once per year proof of surety bond coverage of \$100,000 in a format determined by the commissioner. The surety bond must be in a form approved by the commissioner, be renewed annually, and allow for recovery of costs and fees in pursuing a claim on the bond.

**EFFECTIVE DATE.** This section is effective January 1, 2020."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Zerwas and Franson amendment and the roll was called. There were 55 yeas and 73 nays as follows:

Those who voted in the affirmative were:

Albright	Daudt	Garofalo	Heintzeman	Layman	Nash
Anderson	Dauids	Green	Hertaus	Lucero	Nelson, N.
Bahr	Dettmer	Grossell	Johnson	Lueck	Neu
Baker	Drazkowski	Gruenhagen	Jurgens	McDonald	Nornes
Bennett	Erickson	Gunther	Kiel	Mekeland	O'Driscoll
Boe	Fabian	Haley	Koznick	Miller	O'Neill
Daniels	Franson	Heinrich	Kresha	Munson	Petersburg

Pierson	Robbins	Scott	Torkelson	Zerwas
Poston	Runbeck	Stephenson	Urdahl	
Quam	Schomacker	Theis	Vogel	

Those who voted in the negative were:

Acomb	Dehn	Huot	Long	Pelowski	Wagenius
Bahner	Ecklund	Klevorn	Mahoney	Persell	Wazlawik
Becker-Finn	Edelson	Koegel	Mann	Pinto	Winkler
Bernardy	Elkins	Kotyza-Witthuhn	Mariani	Poppe	Wolgamott
Bierman	Fischer	Kunesh-Podein	Marquart	Pryor	Xiong, J.
Brand	Freiberg	Lee	Masin	Richardson	Xiong, T.
Cantrell	Gomez	Lesch	Moller	Sandell	Youakim
Carlson, A.	Hansen	Liebling	Moran	Sandstede	Spk. Hortman
Carlson, L.	Hassan	Lien	Morrison	Sauke	
Christensen	Hausman	Lillie	Murphy	Schultz	
Clafin	Her	Lippert	Nelson, M.	Sundin	
Considine	Hornstein	Lislegard	Noor	Tabke	
Davnie	Howard	Loeffler	Olson	Vang	

The motion did not prevail and the amendment was not adopted.

Drazkowski moved to amend H. F. No. 2414, the first engrossment, as amended, as follows:

Page 53, after line 1, insert:

"Sec. 49. **DIRECTION TO COMMISSIONER; CHILD CARE ASSISTANCE PROGRAM REDESIGN.**

(a) By January 15, 2020, the commissioner of human services shall, following consultation with families, providers, and county agencies, report to the chairs and ranking minority members of the legislative committees having jurisdiction over child care with a proposal, for implementation by July 1, 2020, that redesigns the child care assistance program to meet all applicable federal requirements, achieve at least the following objectives, and include at least the following features:

(1) eliminates fraud;

(2) eliminates program inefficiencies;

(3) eliminates barriers to families entering the program;

(4) improves accessibility to child care for families in greater Minnesota and in the metropolitan area;

(5) improves the quality of available child care;

(6) eliminates assistance rate disparities between greater Minnesota and the metropolitan area;

(7) ensures future access to assistance and child care for families in greater Minnesota and in the metropolitan area;

(8) develops additional options for providers to complete required training including through online or remote access;

(9) improves ease of provider access to required training and quality improvement resources;

(10) reforms the Parent Aware program, including by removing barriers to participation for family child care providers, by implementing a method for evaluating the quality and effectiveness of four-star rated programs, and by incorporating licensing violations, sanctions, or maltreatment determinations into the star-rating program standards;

(11) proposes legislation that codifies Parent Aware program standards;

(12) implements a licensing and inspection structure based on differential monitoring;

(13) amends licensing requirements that have led to closure of child care programs, especially family child care programs;

(14) recommends business development and technical assistance resources to promote provider recruitment and retention;

(15) allows for family child care licensing alternatives, including permitting multiple family child care providers to operate in a commercial or other building other than the providers' residences; and

(16) improves family child care licensing efficiencies, including by adding a variance structure and updating child ratios.

(b) The commissioner shall seek all necessary federal waivers to implement the proposed redesign described in paragraph (a), including to authorize use of existing federal funding.

Sec. 50. **APPROPRIATION; CHILD CARE ASSISTANCE PROGRAM REDESIGN.**

\$236,453,000 is appropriated in fiscal year 2022 from the general fund to the commissioner of human services for the redesigned child care assistance program. This is a onetime appropriation and is available until June 30, 2023.

Sec. 51. **REVISOR INSTRUCTION.**

The revisor of statutes, in consultation with the Department of Human Services, House Research Department, and Senate Counsel, Research and Fiscal Analysis shall change the terms "food support" and "food stamps" to "Supplemental Nutrition Assistance Program" or "SNAP" in Minnesota Statutes when appropriate. The revisor may make technical and other necessary changes to sentence structure to preserve the meaning of the text.

Sec. 52. **REVISOR INSTRUCTION.**

The revisor of statutes shall remove the terms "child care assistance program," "basic sliding fee child care," and "MFIP child care," or similar terms wherever the terms appear in Minnesota Statutes. The revisor shall also make technical and other necessary changes to sentence structure to preserve the meaning of the text.

**EFFECTIVE DATE.** This section is effective July 1, 2020."

Page 53, after line 6, insert:

"(c) Minnesota Statutes 2018, sections 119B.011, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 10a, 11, 12, 13, 13a, 14, 15, 16, 17, 18, 19, 19a, 19b, 20, 20a, 21, and 22; 119B.02; 119B.025, subdivisions 1, 2, 3, and 4; 119B.03, subdivisions 1, 2, 3, 4, 5, 6, 6a, 6b, 8, 9, and 10; 119B.035; 119B.04; 119B.05, subdivisions 1, 4, and 5; 119B.06, subdivisions 1, 2, and 3; 119B.08, subdivisions 1, 2, and 3; 119B.09, subdivisions 1, 3, 4, 4a, 5, 6, 7, 8, 9, 9a, 10, 11,

12, and 13; 119B.095; 119B.097; 119B.10, subdivisions 1, 2, and 3; 119B.105; 119B.11, subdivisions 1, 2a, 3, and 4; 119B.12, subdivisions 1 and 2; 119B.125; 119B.13, subdivisions 1, 1a, 3, 3a, 3b, 3c, 4, 5, 6, and 7; 119B.14; 119B.15; and 119B.16, are repealed effective July 1, 2020.

(d) Minnesota Rules, parts 3400.0010; 3400.0020, subparts 1, 4, 5, 8, 9a, 10a, 12, 17a, 18, 18a, 20, 24, 25, 26, 28, 29a, 31b, 32b, 33, 34a, 35, 37, 38, 38a, 38b, 39, 40, 40a, and 44; 3400.0030; 3400.0035; 3400.0040, subparts 1, 3, 4, 5, 5a, 6a, 6b, 6c, 7, 8, 9, 10, 11, 12, 13, 14, 15, 15a, 17, and 18; 3400.0060, subparts 2, 4, 5, 6, 6a, 7, 8, 9, and 10; 3400.0080, subparts 1, 1a, 1b, and 8; 3400.0090, subparts 1, 2, 3, and 4; 3400.0100, subparts 2a, 2b, 2c, and 5; 3400.0110, subparts 1, 1a, 2, 2a, 3, 4a, 7, 8, 9, 10, and 11; 3400.0120, subparts 1, 1a, 2, 2a, 3, and 5; 3400.0130, subparts 1, 1a, 2, 3, 3a, 3b, 5, 5a, and 7; 3400.0140, subparts 1, 2, 4, 5, 6, 7, 8, 9, 9a, 10, and 14; 3400.0150; 3400.0170, subparts 1, 3, 4, 6a, 7, 8, 9, 10, and 11; 3400.0180; 3400.0183, subparts 1, 2, and 5; 3400.0185; 3400.0187, subparts 1, 2, 3, 4, and 6; 3400.0200; 3400.0220; 3400.0230, subpart 3; and 3400.0235, subparts 1, 2, 3, 4, 5, and 6, are repealed are effective July 1, 2020.

(e) Laws 2017, First Special Session chapter 6, article 7, section 34, is repealed effective July 1, 2019."

ReNUMBER the sections in sequence and correct the internal references

Adjust amounts accordingly

Amend the title accordingly

The motion did not prevail and the amendment was not adopted.

Heintzeman moved to amend H. F. No. 2414, the first engrossment, as amended, as follows:

Page 1015, line 32, delete "63,935,000" and insert "53,948,000" and delete "75,046,000" and insert "53,004,000"

Page 1015, delete lines 33 to 35

Page 1016, delete lines 1 to 19

Reletter the paragraphs in sequence

Page 1017, after line 3, insert:

"Subd. 21. <b><u>Grant Programs; Early Learning Scholarships</u></b>	<u>9,987,000</u>	<u>21,042,000</u>
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This appropriation is for transfer to the commissioner of education for early learning scholarships under Minnesota Statutes, section 124D.165, to be used for children in eligible families on the basic sliding fee program waiting list under Minnesota Statutes, section 119B.03, subdivision 2. Notwithstanding Minnesota Statutes,

section 124D.165, subdivision 2, a child from birth to age five who has not yet enrolled in kindergarten is eligible for an early learning scholarship under this appropriation."

Renumber the subdivisions in sequence

Adjust amounts accordingly

A roll call was requested and properly seconded.

The question was taken on the Heintzeman amendment and the roll was called. There were 54 yeas and 73 nays as follows:

Those who voted in the affirmative were:

Albright	Dettmer	Gunther	Kresha	Nelson, N.	Robbins
Anderson	Drazkowski	Haley	Layman	Neu	Runbeck
Bahr	Erickson	Heinrich	Lucero	Nornes	Schomacker
Baker	Fabian	Heintzeman	Lueck	O'Driscoll	Scott
Bennett	Franson	Hertaus	McDonald	O'Neill	Theis
Boe	Garofalo	Johnson	Mekeland	Petersburg	Torkelson
Daniels	Green	Jurgens	Miller	Pierson	Urdahl
Daudt	Grossell	Kiel	Munson	Poston	Vogel
Davids	Gruenhagen	Koznick	Nash	Quam	Zerwas

Those who voted in the negative were:

Acomb	Ecklund	Klevorn	Mahoney	Persell	Wagenius
Bahner	Edelson	Koegel	Mann	Pinto	Wazlawik
Becker-Finn	Elkins	Kotyza-Witthuhn	Mariani	Poppe	Winkler
Bernardy	Fischer	Kunesh-Podein	Marquart	Pryor	Wolgamott
Bierman	Freiberg	Lee	Masin	Richardson	Xiong, J.
Brand	Gomez	Lesch	Moller	Sandell	Xiong, T.
Cantrell	Hansen	Liebling	Moran	Sandstede	Youakim
Carlson, A.	Hassan	Lien	Morrison	Sauke	Spk. Hortman
Carlson, L.	Hausman	Lillie	Murphy	Schultz	
Christensen	Her	Lippert	Nelson, M.	Stephenson	
Considine	Hornstein	Lislegard	Noor	Sundin	
Davnie	Howard	Loeffler	Olson	Tabke	
Dehn	Huot	Long	Pelowski	Vang	

The motion did not prevail and the amendment was not adopted.

Schomacker moved to amend H. F. No. 2414, the first engrossment, as amended, as follows:

Page 191, after line 8, insert:

"Sec. 128. **DIRECTION TO COMMISSIONER; AUDIT OF FORECASTED PROGRAMS.**

(a) The commissioner of human services shall contract with a vendor to audit the following programs:

- (1) medical assistance under Minnesota Statutes, chapter 256B;
- (2) MinnesotaCare under Minnesota Statutes, chapter 256L;
- (3) the child care assistance program under Minnesota Statutes, chapter 119B;
- (4) general assistance under Minnesota Statutes, chapter 256D;
- (5) Minnesota supplemental aid under Minnesota Statutes, chapter 256D;
- (6) housing supports under Minnesota Statutes, chapter 256I; and
- (7) the Minnesota family investment program under Minnesota Statutes, chapter 256J.

(b) The contracted vendor must conduct an audit of the programs listed in paragraph (a) to determine the extent of any potential fraudulent activity within each program, provide the commissioner with findings for each program regarding the amount and type of fraudulent activity, and provide the commissioner with any recommendations to modify internal programmatic controls to reduce fraud.

(c) The contract shall be exempt from Minnesota Statutes, sections 16C.08, subdivision 2, clause (1); 16C.09, paragraph (a), clause (1); 43A.047, paragraph (a); and any other law to the contrary.

(d) The commissioner shall report findings of the audit, including any recommended statutory changes, to the chairs and ranking minority members of the legislative committees with jurisdiction over human services finance by January 1, 2021.

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

Page 1007, line 10, delete "152,118,000" and insert "162,519,000" and delete "149,405,000" and insert "167,306,000"

Page 1015, line 32, delete "63,935,000" and insert "53,534,000" and delete "75,046,000" and insert "57,145,000"

Page 1015, delete lines 33 to 35

Page 1016, delete lines 1 to 19

Page 1016, line 20, delete "(b)" and insert "(a)"

Page 1017, line 1, delete "(c)" and insert "(b)"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion did not prevail and the amendment was not adopted.

Speaker pro tempore Marquart called Poppe to the Chair.



Munson moved to amend H. F. No. 2414, the first engrossment, as amended, as follows:

Page 171, after line 26, insert:

"Sec. 107. **[245L.01] DEFINITIONS.**

Subdivision 1. **Terms defined.** As used in this chapter, the terms defined in this section have the meanings given them.

Subd. 2. **Board.** "Board" means the Board for Restoring the Public Trust.

Subd. 3. **Welfare.** "Welfare" means medical assistance under chapter 256B, the Minnesota family investment program under chapter 256J, MinnesotaCare under chapter 256L, the child care assistance program under chapter 119B, and the federal Supplemental Nutrition Assistance Program.

Sec. 108. **[245L.02] BOARD FOR RESTORING THE PUBLIC TRUST.**

Subdivision 1. **Board established; members.** (a) The Board for Restoring the Public Trust consists of the following six members appointed by the governor:

(1) one public member who works in a county human services office as a caseworker from a county located outside of the seven-county metropolitan area;

(2) one public member who works in a county human services office as a caseworker for a county with a first class city located within its borders;

(3) one county attorney from a county located outside of the seven-county metropolitan area;

(4) one county attorney from a county with a first class city located within its borders;

(5) one welfare fraud investigator from a county located outside of the seven-county metropolitan area; and

(6) one welfare fraud investigator from a county with a first class city located within its borders.

(b) The board also includes one member appointed by the state attorney general.

(c) All members shall demonstrate an interest in and be supportive of maintaining a high-quality, permanent, independent welfare fraud prosecutorial office to investigate and prosecute welfare fraud.

Subd. 2. **Board duties and responsibilities.** The board shall: (1) appoint an attorney with sufficient prosecutorial experience to serve as state welfare fraud prosecutor and establish the prosecutor's compensation; (2) approve and recommend to the legislature a budget for the board and the welfare fraud prosecutorial office; (3) provide appropriate oversight and supervision for the prosecutor and the office; and (4) make recommendations to the legislature regarding changes in law relating to the responsibilities and jurisdiction of the prosecutor and the office, and other related matters.

Subd. 3. **Meetings; chair.** The board shall meet at least annually and may meet as often as necessary to fulfill its duties and responsibilities. The board shall elect a chair from among its members.

Subd. 4. **Terms.** Board members shall serve two-year terms.

Subd. 5. **Limitation.** In no event shall the board or its members interfere with the discretion, judgment, or zealous advocacy of the state welfare fraud prosecutor or other members of the welfare fraud prosecutorial office in their handling of individual cases within their jurisdiction.

Subd. 6. **Workload; outside employment.** The board shall monitor the workload of the state welfare fraud prosecutor and other members of the welfare fraud prosecutorial office. If the board determines that a position need not be full time, the board shall adjust the individual's compensation and working arrangements accordingly. If this occurs, the board may allow the individual to work outside the scope of the office if doing so does not jeopardize the integrity or the real or perceived independence of the office.

Sec. 109. **[245L.03] STATE WELFARE FRAUD PROSECUTOR.**

Subdivision 1. **Term; office.** The state welfare fraud prosecutor's term is two years. The prosecutor serves in the unclassified service and may be removed only for cause by the board. The prosecutor shall direct the operation of the welfare fraud prosecutorial office and, subject to the approval of the board, may hire or retain other individuals to assist in the investigation and prosecution of welfare fraud cases within the state.

Subd. 2. **Qualifications.** The welfare fraud prosecutor and any staff attorneys in the welfare fraud prosecutorial office shall have experience in prosecuting criminal fraud in both state and federal court.

Subd. 3. **Jurisdiction.** (a) The state welfare fraud prosecutor has sole prosecutorial jurisdiction over welfare fraud cases in the state.

(b) In situations described in paragraph (a), the prosecutor shall exercise the powers of a county attorney.

(c) The prosecutor is subject to the same ethical standards as a county attorney. The prosecutor shall prosecute only those cases that the prosecutor considers appropriate, based on the prosecutor's professional judgment and experience.

Sec. 110. **[245L.04] CONFLICTING PROVISIONS SUPERSEDED.**

To the extent of a conflict, the provisions in this chapter supersede contrary provisions in sections 8.01, 388.051, and 388.12, and any other conflicting provision in law or rule.

Sec. 111. **[245L.05] NOTIFICATIONS.**

(a) A county attorney shall ensure that the welfare fraud prosecutorial office is notified when the county attorney's office receives a welfare fraud case. If a county attorney is aware that welfare fraud has occurred in the county, the attorney shall notify the office of this unless the attorney knows that the office has already been notified.

(b) The notifications required in paragraph (a) must be made immediately.

(c) In addition, any other person may report suspected welfare fraud to the office.

Sec. 112. **[245L.06] REPORTING.**

(a) If the state welfare fraud prosecutor determines that a criminal charge is not warranted in a case within the prosecutor's jurisdiction, the prosecutor shall issue a public report explaining the reasons for the decision.

(b) By November 15 of each even-numbered year, the board shall submit a detailed report to the chairs and ranking minority members of the senate and house of representatives committees and divisions having jurisdiction over human services policy and funding that addresses the activities of the board, the state welfare fraud prosecutor, and the welfare fraud prosecutorial office, along with any recommended changes in law as required in section 245L.02, subdivision 2."

Page 191, after line 8, insert:

"Sec. 128. **GOVERNANCE.**

The governor and attorney general shall appoint members of the Board for Restoring the Public Trust by July 1, 2019, and ensure that the first meeting of the board is convened by July 15, 2019."

Page 191, after line 14, insert:

"Sec. 130. **EFFECTIVE DATE.**

Sections ... to ... are effective the day following final enactment. The provisions of section ... relating to the jurisdiction of the state welfare fraud prosecutor are effective September 1, 2019, and apply to crimes committed on or after that date."

Page 1007, line 10, delete "152,118,000" and insert "151,618,000" and delete "149,405,000" and insert "148,905,000"

Page 1010, after line 4, insert:

"(i) **Service Delivery Transformation.** \$5,000,000 in fiscal year 2020 and \$5,000,000 in fiscal year 2021 are from the general fund for service delivery transformation. This is a onetime appropriation."

Page 1010, line 5, delete "(i)" and insert "(j)"

Page 1042, after line 15, insert:

"Sec. 11. <b><u>DEPARTMENT OF MANAGEMENT AND BUDGET</u></b>	<b><u>\$500,000</u></b>	<b><u>\$500,000</u></b>
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**State Welfare Fraud Prosecutor.** \$..... in fiscal year 2020 and \$..... in fiscal year 2021 are from the general fund for fraud prevention activities for the commissioner of management and budget for welfare fraud prosecutorial office activities."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Drazkowski moved to amend the Munson amendment to H. F. No. 2414, the first engrossment, as amended, as follows:

Page 4, lines 21 and 22, delete "\$....." and insert "\$500,000"

The motion prevailed and the amendment to the amendment was adopted.

The question recurred on the Munson amendment, as amended, to H. F. No. 2414, the first engrossment, as amended. The motion did not prevail and the amendment, as amended, was not adopted.

Drazkowski moved to amend H. F. No. 2414, the first engrossment, as amended, as follows:

Page 564, after line 11, insert:

"Sec. 36. Minnesota Statutes 2018, section 256B.69, subdivision 5a, is amended to read:

Subd. 5a. **Managed care contracts.** (a) Managed care contracts under this section and section 256L.12 shall be entered into or renewed on a calendar year basis. The commissioner may issue separate contracts with requirements specific to services to medical assistance recipients age 65 and older.

(b) A prepaid health plan providing covered health services for eligible persons pursuant to chapters 256B and 256L is responsible for complying with the terms of its contract with the commissioner. Requirements applicable to managed care programs under chapters 256B and 256L established after the effective date of a contract with the commissioner take effect when the contract is next issued or renewed.

(c) The commissioner shall withhold five percent of managed care plan payments under this section and county-based purchasing plan payments under section 256B.692 for the prepaid medical assistance program pending completion of performance targets. Each performance target must be quantifiable, objective, measurable, and reasonably attainable, except in the case of a performance target based on a federal or state law or rule. Criteria for assessment of each performance target must be outlined in writing prior to the contract effective date. Clinical or utilization performance targets and their related criteria must consider evidence-based research and reasonable interventions when available or applicable to the populations served, and must be developed with input from external clinical experts and stakeholders, including managed care plans, county-based purchasing plans, and providers. The managed care or county-based purchasing plan must demonstrate, to the commissioner's satisfaction, that the data submitted regarding attainment of the performance target is accurate. The commissioner shall periodically change the administrative measures used as performance targets in order to improve plan performance across a broader range of administrative services. The performance targets must include measurement of plan efforts to contain spending on health care services and administrative activities. The commissioner may adopt plan-specific performance targets that take into account factors affecting only one plan, including characteristics of the plan's enrollee population. The withheld funds must be returned no sooner than July of the following year if performance targets in the contract are achieved. The commissioner may exclude special demonstration projects under subdivision 23.

(d) The commissioner shall require that managed care plans use the assessment and authorization processes, forms, timelines, standards, documentation, and data reporting requirements, protocols, billing processes, and policies consistent with medical assistance fee-for-service or the Department of Human Services contract requirements for all personal care assistance services under section 256B.0659.

(e) Effective for services rendered on or after January 1, 2012, the commissioner shall include as part of the performance targets described in paragraph (c) a reduction in the health plan's emergency department utilization rate for medical assistance and MinnesotaCare enrollees, as determined by the commissioner. For 2012, the reduction shall be based on the health plan's utilization in 2009. To earn the return of the withhold each subsequent year, the managed care plan or county-based purchasing plan must achieve a qualifying reduction of no less than ten percent of the plan's emergency department utilization rate for medical assistance and MinnesotaCare enrollees, excluding enrollees in programs described in subdivisions 23 and 28, compared to the previous measurement year until the final performance target is reached. When measuring performance, the commissioner must consider the difference in health risk in a managed care or county-based purchasing plan's membership in the baseline year compared to the measurement year, and work with the managed care or county-based purchasing plan to account for differences that they agree are significant.

The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following calendar year if the managed care plan or county-based purchasing plan demonstrates to the satisfaction of the commissioner that a reduction in the utilization rate was achieved. The commissioner shall structure the withhold so that the commissioner returns a portion of the withheld funds in amounts commensurate with achieved reductions in utilization less than the targeted amount.

The withhold described in this paragraph shall continue for each consecutive contract period until the plan's emergency room utilization rate for state health care program enrollees is reduced by 25 percent of the plan's emergency room utilization rate for medical assistance and MinnesotaCare enrollees for calendar year 2009. Hospitals shall cooperate with the health plans in meeting this performance target and shall accept payment withholds that may be returned to the hospitals if the performance target is achieved.

(f) Effective for services rendered on or after January 1, 2012, the commissioner shall include as part of the performance targets described in paragraph (c) a reduction in the plan's hospitalization admission rate for medical assistance and MinnesotaCare enrollees, as determined by the commissioner. To earn the return of the withhold each year, the managed care plan or county-based purchasing plan must achieve a qualifying reduction of no less than five percent of the plan's hospital admission rate for medical assistance and MinnesotaCare enrollees, excluding enrollees in programs described in subdivisions 23 and 28, compared to the previous calendar year until the final performance target is reached. When measuring performance, the commissioner must consider the difference in health risk in a managed care or county-based purchasing plan's membership in the baseline year compared to the measurement year, and work with the managed care or county-based purchasing plan to account for differences that they agree are significant.

The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following calendar year if the managed care plan or county-based purchasing plan demonstrates to the satisfaction of the commissioner that this reduction in the hospitalization rate was achieved. The commissioner shall structure the withhold so that the commissioner returns a portion of the withheld funds in amounts commensurate with achieved reductions in utilization less than the targeted amount.

The withhold described in this paragraph shall continue until there is a 25 percent reduction in the hospital admission rate compared to the hospital admission rates in calendar year 2011, as determined by the commissioner. The hospital admissions in this performance target do not include the admissions applicable to the subsequent hospital admission performance target under paragraph (g). Hospitals shall cooperate with the plans in meeting this performance target and shall accept payment withholds that may be returned to the hospitals if the performance target is achieved.

(g) Effective for services rendered on or after January 1, 2012, the commissioner shall include as part of the performance targets described in paragraph (c) a reduction in the plan's hospitalization admission rates for subsequent hospitalizations within 30 days of a previous hospitalization of a patient regardless of the reason, for medical assistance and MinnesotaCare enrollees, as determined by the commissioner. To earn the return of the withhold each year, the managed care plan or county-based purchasing plan must achieve a qualifying reduction of the subsequent hospitalization rate for medical assistance and MinnesotaCare enrollees, excluding enrollees in programs described in subdivisions 23 and 28, of no less than five percent compared to the previous calendar year until the final performance target is reached.

The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following calendar year if the managed care plan or county-based purchasing plan demonstrates to the satisfaction of the commissioner that a qualifying reduction in the subsequent hospitalization rate was achieved. The commissioner shall structure the withhold so that the commissioner returns a portion of the withheld funds in amounts commensurate with achieved reductions in utilization less than the targeted amount.

The withhold described in this paragraph must continue for each consecutive contract period until the plan's subsequent hospitalization rate for medical assistance and MinnesotaCare enrollees, excluding enrollees in programs described in subdivisions 23 and 28, is reduced by 25 percent of the plan's subsequent hospitalization rate for calendar year 2011. Hospitals shall cooperate with the plans in meeting this performance target and shall accept payment withholds that must be returned to the hospitals if the performance target is achieved.

(h) Effective for services rendered on or after January 1, 2013, through December 31, 2013, the commissioner shall withhold 4.5 percent of managed care plan payments under this section and county-based purchasing plan payments under section 256B.692 for the prepaid medical assistance program. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following year. The commissioner may exclude special demonstration projects under subdivision 23.

(i) Effective for services rendered on or after January 1, 2014, the commissioner shall withhold three percent of managed care plan payments under this section and county-based purchasing plan payments under section 256B.692 for the prepaid medical assistance program. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following year. The commissioner may exclude special demonstration projects under subdivision 23.

(j) A managed care plan or a county-based purchasing plan under section 256B.692 may include as admitted assets under section 62D.044 any amount withheld under this section that is reasonably expected to be returned.

(k) Contracts between the commissioner and a prepaid health plan are exempt from the set-aside and preference provisions of section 16C.16, subdivisions 6, paragraph (a), and 7.

(l) The return of the withhold under paragraphs (h) and (i) is not subject to the requirements of paragraph (c).

(m) Managed care plans and county-based purchasing plans shall maintain current and fully executed agreements for all subcontractors, including bargaining groups, for administrative services that are expensed to the state's public health care programs. Subcontractor agreements determined to be material, as defined by the commissioner after taking into account state contracting and relevant statutory requirements, must be in the form of a written instrument or electronic document containing the elements of offer, acceptance, consideration, payment terms, scope, duration of the contract, and how the subcontractor services relate to state public health care programs. Upon request, the commissioner shall have access to all subcontractor documentation under this paragraph. Nothing in this paragraph shall allow release of information that is nonpublic data pursuant to section 13.02.

(n) Effective for services provided on or after January 1, 2020, through December 31, 2020, the commissioner shall withhold two percent of the capitation payment provided to managed care plans under this section, and county-based purchasing plans under section 256B.692, for each medical assistance enrollee. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following year, for capitation payments for enrollees for whom the plan has submitted to the commissioner a verification of coverage form completed and signed by the enrollee. The verification of coverage form must be developed by the commissioner and made available to managed care and county-based purchasing plans. The form must require the enrollee to provide the enrollee's name and street address and the name of the managed care or county-based purchasing plan selected by or assigned to the enrollee, and must include a signature block that allows the enrollee to attest that the information provided is accurate. A plan shall request that all enrollees complete the verification of coverage form, and shall submit all completed forms to the commissioner by February 28, 2020. If a completed form for an enrollee is not received by the commissioner by that date:

(1) the commissioner shall not return to the plan funds withheld for that enrollee;

(2) the commissioner shall cease making capitation payments to the plan for that enrollee, effective with the April 2020 coverage month; and

(3) the commissioner shall disenroll the enrollee from medical assistance, subject to any enrollee appeal."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Drazkowski amendment and the roll was called. There were 53 yeas and 73 nays as follows:

Those who voted in the affirmative were:

Albright	Dettmer	Gunther	Kresha	Neu	Runbeck
Anderson	Drazkowski	Haley	Layman	Nornes	Schomacker
Bahr	Erickson	Heinrich	Lucero	O'Driscoll	Scott
Baker	Fabian	Heintzeman	Lueck	O'Neill	Theis
Bennett	Franson	Hertaus	McDonald	Petersburg	Torkelson
Boe	Garofalo	Johnson	Mekeland	Pierson	Urdahl
Daniels	Green	Jurgens	Miller	Poston	Vogel
Daudt	Grossell	Kiel	Nash	Quam	Zerwas
Davids	Gruenhagen	Koznick	Nelson, N.	Robbins	

Those who voted in the negative were:

Acomb	Dehn	Huot	Long	Pelowski	Vang
Bahner	Ecklund	Klevorn	Mahoney	Persell	Wagenius
Becker-Finn	Edelson	Koegel	Mann	Pinto	Wazlawik
Bernardy	Elkins	Kotyza-Witthuhn	Mariani	Poppe	Winkler
Bierman	Fischer	Kunesh-Podein	Marquart	Pryor	Wolgamott
Brand	Freiberg	Lee	Masin	Richardson	Xiong, J.
Cantrell	Gomez	Lesch	Moller	Sandell	Xiong, T.
Carlson, A.	Hansen	Liebling	Moran	Sandstede	Youakim
Carlson, L.	Hassan	Lien	Morrison	Sauke	
Christensen	Hausman	Lillie	Murphy	Schultz	
Clafin	Her	Lippert	Nelson, M.	Stephenson	
Considine	Hornstein	Lislegard	Noor	Sundin	
Davnie	Howard	Loeffler	Olson	Tabke	

The motion did not prevail and the amendment was not adopted.

Miller moved to amend H. F. No. 2414, the first engrossment, as amended, as follows:

Page 749, after line 19, insert:

"Sec. 64. **[145.417] ABORTION PROHIBITED WHEN FETAL HEARTBEAT DETECTED.**

**Subdivision 1. Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Abortion" means the use or prescription of any instrument, medicine, drug, or other substance or device to intentionally terminate the pregnancy of a woman known to be pregnant, with an intention other than to increase the probability of a live birth, preserve the life or health of the child after birth, or remove a dead fetus.

(c) "Fetal heartbeat" means the steady and repetitive rhythmic contraction of the fetal heart within the gestational sac.

(d) "Medical emergency" means any condition that, on the basis of the physician's good faith clinical judgment, so complicates the condition of the pregnant woman as to necessitate the immediate abortion of her pregnancy to avert her death or for which a delay creates a serious risk of substantial and irreversible impairment of a major bodily function.

(e) "Physician" means a person licensed as a physician or osteopathic physician under chapter 147.

(f) "Unborn child" means a member of the species Homo sapiens from fertilization until birth.

Subd. 2. **Prohibition.** (a) Except in the case of a medical emergency, a physician must first test a pregnant woman to determine if a fetal heartbeat is detectable in the pregnant woman's unborn child before performing an abortion. In testing for a detectable fetal heartbeat, the physician shall perform an abdominal ultrasound according to standard medical practice.

(b) A physician shall not perform an abortion on a pregnant woman when it has been determined that the unborn child has a detectable fetal heartbeat, except in the case of a medical emergency.

Subd. 3. **Penalty.** A violation of this section is a gross misdemeanor punishable by imprisonment for not more than one year or payment of a fine of not more than \$3,000, or both.

**EFFECTIVE DATE.** This section is effective August 1, 2019, and applies to crimes committed on or after that date."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Miller amendment and the roll was called. There were 58 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Albright	Drazkowski	Heinrich	Lucero	Nornes	Sandstede
Anderson	Erickson	Heintzeman	Lueck	O'Driscoll	Schomacker
Bahr	Fabian	Hertaus	Marquart	O'Neill	Scott
Baker	Franson	Johnson	McDonald	Pelowski	Theis
Bennett	Garofalo	Jurgens	Mekeland	Petersburg	Torkelson
Boe	Green	Kiel	Miller	Pierson	Urdahl
Daniels	Grossell	Koznick	Munson	Poston	Vogel
Daudt	Gruenhagen	Kresha	Nash	Quam	Zerwas
Davids	Gunther	Layman	Nelson, N.	Robbins	
Dettmer	Haley	Lislegard	Neu	Runbeck	



Those who voted in the negative were:

Acomb	Davnie	Her	Lillie	Noor	Tabke
Bahner	Dehn	Hornstein	Lippert	Olson	Vang
Becker-Finn	Ecklund	Howard	Loeffler	Persell	Wagenius
Bernardy	Edelson	Huot	Long	Pinto	Wazlawik
Bierman	Elkins	Klevorn	Mahoney	Poppe	Winkler
Brand	Fischer	Koegel	Mann	Pryor	Wolgamott
Cantrell	Freiberg	Kotzya-Witthuhn	Mariani	Richardson	Xiong, J.
Carlson, A.	Gomez	Kunesh-Podein	Masin	Sandell	Xiong, T.
Carlson, L.	Halverson	Lee	Moller	Sauke	Youakim
Christensen	Hansen	Lesch	Moran	Schultz	
Clafin	Hassan	Liebling	Morrison	Stephenson	
Considine	Hausman	Lien	Nelson, M.	Sundin	

The motion did not prevail and the amendment was not adopted.

Scott moved to amend H. F. No. 2414, the first engrossment, as amended, as follows:

Page 749, after line 19, insert:

"Sec. 64. **[145.4141] DEFINITIONS.**

Subdivision 1. **Scope.** For purposes of sections 145.4141 to 145.4146, the following terms have the meanings given them.

Subd. 2. **Abortion.** "Abortion" means the use or prescription of any instrument, medicine, drug, or any other substance or device to terminate the pregnancy of a woman known to be pregnant, with an intention other than to increase the probability of a live birth; to preserve the life or health of the child after live birth; or to remove a dead unborn child who died as the result of natural causes in utero, accidental trauma, or a criminal assault on the pregnant woman or her unborn child; and which causes the premature termination of the pregnancy.

Subd. 3. **Attempt to perform or induce an abortion.** "Attempt to perform or induce an abortion" means an act, or an omission of a statutorily required act, that, under the circumstances as the actor believes them to be, constitutes a substantial step in a course of conduct planned to culminate in the performance or induction of an abortion in this state in violation of sections 145.4141 to 145.4146.

Subd. 4. **Fertilization.** "Fertilization" means the fusion of a human spermatozoon with a human ovum.

Subd. 5. **Medical emergency.** "Medical emergency" means a condition that, in reasonable medical judgment, so complicates the medical condition of the pregnant woman that it necessitates the immediate abortion of her pregnancy without first determining postfertilization age to avert her death or for which the delay necessary to determine postfertilization age will create serious risk of substantial and irreversible physical impairment of a major bodily function not including psychological or emotional conditions. No condition shall be deemed a medical emergency if based on a claim or diagnosis that the woman will engage in conduct which she intends to result in her death or in substantial and irreversible physical impairment of a major bodily function.

Subd. 6. **Physician.** "Physician" means any person licensed to practice medicine and surgery or osteopathic medicine and surgery in this state.

Subd. 7. **Postfertilization age.** "Postfertilization age" means the age of the unborn child as calculated from the fusion of a human spermatozoon with a human ovum.

Subd. 8. **Probable postfertilization age of the unborn child.** "Probable postfertilization age of the unborn child" means what, in reasonable medical judgment, will with reasonable probability be the postfertilization age of the unborn child at the time the abortion is planned to be performed or induced.

Subd. 9. **Reasonable medical judgment.** "Reasonable medical judgment" means a medical judgment that would be made by a reasonably prudent physician knowledgeable about the case and the treatment possibilities with respect to the medical conditions involved.

Subd. 10. **Unborn child or fetus.** "Unborn child" or "fetus" means an individual organism of the species homo sapiens from fertilization until live birth.

Subd. 11. **Woman.** "Woman" means a female human being whether or not she has reached the age of majority.

Sec. 65. **[145.4142] LEGISLATIVE FINDINGS.**

(a) The legislature makes the following findings.

(b) Pain receptors (nociceptors) are present throughout an unborn child's entire body and nerves link these receptors to the brain's thalamus and subcortical plate by 20 weeks.

(c) By eight weeks after fertilization, an unborn child reacts to touch. After 20 weeks an unborn child reacts to stimuli that would be recognized as painful if applied to an adult human, for example by recoiling.

(d) In the unborn child, application of such painful stimuli is associated with significant increases in stress hormones known as the stress response.

(e) Subjection to such painful stimuli is associated with long-term harmful neurodevelopmental effects, such as altered pain sensitivity and, possibly, emotional, behavioral, and learning disabilities later in life.

(f) For the purposes of surgery on an unborn child, fetal anesthesia is routinely administered and is associated with a decrease in stress hormones compared to the level when painful stimuli is applied without anesthesia.

(g) The position, asserted by some medical experts, that an unborn child is incapable of experiencing pain until a point later in pregnancy than 20 weeks after fertilization predominately rests on the assumption that the ability to experience pain depends on the cerebral cortex and requires nerve connections between the thalamus and the cortex. However, recent medical research and analysis, especially since 2007, provides strong evidence for the conclusion that a functioning cortex is not necessary to experience pain.

(h) Substantial evidence indicates that children born missing the bulk of the cerebral cortex, those with hydranencephaly, nevertheless experience pain.

(i) In adults, stimulation or ablation of the cerebral cortex does not alter pain perception, while stimulation or ablation of the thalamus does.

(j) Substantial evidence indicates that structures used for pain processing in early development differ from those of adults, using different neural elements available at specific times during development, such as the subcortical plate, to fulfill the role of pain processing.

(k) The position asserted by some medical experts, that the unborn child remains in a coma-like sleep state that precludes the unborn child experiencing pain is inconsistent with the documented reaction of unborn children to painful stimuli and with the experience of fetal surgeons who have found it necessary to sedate the unborn child with anesthesia to prevent the unborn child from thrashing about in reaction to invasive surgery.

(l) Consequently, there is substantial medical evidence that an unborn child is capable of experiencing pain by 20 weeks after fertilization.

(m) It is the purpose of the state to assert a compelling state interest in protecting the lives of unborn children from the stage at which substantial medical evidence indicates that they are capable of feeling pain.

Sec. 66. **[145.4143] DETERMINATION OF POSTFERTILIZATION AGE.**

Subdivision 1. **Determination of postfertilization age.** Except in the case of a medical emergency, no abortion shall be performed or induced or be attempted to be performed or induced unless the physician performing or inducing it has first made a determination of the probable postfertilization age of the unborn child or relied upon such a determination made by another physician. In making such a determination, the physician shall make those inquiries of the woman and perform or cause to be performed those medical examinations and tests that a reasonably prudent physician, knowledgeable about the case and the medical conditions involved, would consider necessary to perform in making an accurate diagnosis with respect to postfertilization age.

Subd. 2. **Unprofessional conduct.** Failure by any physician to conform to any requirement of this section constitutes unprofessional conduct under section 147.091, subdivision 1, paragraph (k).

Sec. 67. **[145.4144] ABORTION OF UNBORN CHILD OF 20 OR MORE WEEKS POSTFERTILIZATION AGE PROHIBITED; CAPABLE OF FEELING PAIN.**

Subdivision 1. **Abortion prohibition; exemption.** No person shall perform or induce or attempt to perform or induce an abortion upon a woman when it has been determined, by the physician performing or inducing or attempting to perform or induce the abortion, or by another physician upon whose determination that physician relies, that the probable postfertilization age of the woman's unborn child is 20 or more weeks unless, in reasonable medical judgment, she has a condition which so complicates her medical condition as to necessitate the abortion of her pregnancy to avert her death or to avert serious risk of substantial and irreversible physical impairment of a major bodily function, not including psychological or emotional conditions. No such condition shall be deemed to exist if it is based on a claim or diagnosis that the woman will engage in conduct which she intends to result in her death or in substantial and irreversible physical impairment of a major bodily function.

Subd. 2. **When abortion not prohibited.** When an abortion upon a woman whose unborn child has been determined to have a probable postfertilization age of 20 or more weeks is not prohibited by this section, the physician shall terminate the pregnancy in the manner which, in reasonable medical judgment, provides the best opportunity for the unborn child to survive unless, in reasonable medical judgment, termination of the pregnancy in that manner would pose a greater risk either of the death of the pregnant woman or of the substantial and irreversible physical impairment of a major bodily function, not including psychological or emotional conditions, of the woman than would other available methods. No such greater risk shall be deemed to exist if it is based on a claim or diagnosis that the woman will engage in conduct which she intends to result in her death or in substantial and irreversible physical impairment of a major bodily function.

Sec. 68. **[145.4145] ENFORCEMENT.**

Subdivision 1. **Criminal penalties.** A person who intentionally or recklessly performs or induces or attempts to perform or induce an abortion in violation of sections 145.4141 to 145.4146 shall be guilty of a felony. No penalty may be assessed against the woman upon whom the abortion is performed or induced or attempted to be performed or induced.

Subd. 2. **Civil remedies.** (a) A woman upon whom an abortion has been performed or induced in violation of sections 145.4141 to 145.4146, or the father of the unborn child who was the subject of such an abortion, may maintain an action against the person who performed or induced the abortion in intentional or reckless violation of sections 145.4141 to 145.4146 for damages. A woman upon whom an abortion has been attempted in violation of sections 145.4141 to 145.4146 may maintain an action against the person who attempted to perform or induce the abortion in an intentional or reckless violation of sections 145.4141 to 145.4146 for damages.

(b) A cause of action for injunctive relief against a person who has intentionally violated sections 145.4141 to 145.4146 may be maintained by the woman upon whom an abortion was performed or induced or attempted to be performed or induced in violation of sections 145.4141 to 145.4146; by a person who is the father of the unborn child subject to an abortion, parent, sibling, or guardian of, or a current or former licensed health care provider of, the woman upon whom an abortion has been performed or induced or attempted to be performed or induced in violation of sections 145.4141 to 145.4146; by a county attorney with appropriate jurisdiction; or by the attorney general. The injunction shall prevent the abortion provider from performing or inducing or attempting to perform or induce further abortions in this state in violation of sections 145.4141 to 145.4146.

(c) If judgment is rendered in favor of the plaintiff in an action described in this section, the court shall also render judgment for reasonable attorney fees in favor of the plaintiff against the defendant.

(d) If judgment is rendered in favor of the defendant and the court finds that the plaintiff's suit was frivolous and brought in bad faith, the court shall also render judgment for reasonable attorney fees in favor of the defendant against the plaintiff.

(e) No damages or attorney fees may be assessed against the woman upon whom an abortion was performed or induced or attempted to be performed or induced except according to paragraph (d).

Sec. 69. **[145.4146] PROTECTION OF PRIVACY IN COURT PROCEEDINGS.**

In every civil or criminal proceeding or action brought under the Pain-Capable Unborn Child Protection Act, the court shall rule on whether the anonymity of a woman upon whom an abortion has been performed or induced or attempted to be performed or induced shall be preserved from public disclosure if she does not give her consent to such disclosure. The court, upon motion or sua sponte, shall make such a ruling and, upon determining that her anonymity should be preserved, shall issue orders to the parties, witnesses, and counsel and shall direct the sealing of the record and exclusion of individuals from courtrooms or hearing rooms to the extent necessary to safeguard her identity from public disclosure. Each such order shall be accompanied by specific written findings explaining why the anonymity of the woman should be preserved from public disclosure, why the order is essential to that end, how the order is narrowly tailored to serve that interest, and why no reasonable, less restrictive alternative exists. In the absence of written consent of the woman upon whom an abortion has been performed or induced or attempted to be performed or induced, anyone, other than a public official, who brings an action under section 145.4145, subdivision 2, shall do so under a pseudonym. This section may not be construed to conceal the identity of the plaintiff or of witnesses from the defendant or from attorneys for the defendant."

Page 788, after line 11, insert:

"Sec. 110. **SHORT TITLE.**

Minnesota Statutes, section 145.4141 to 145.4146 may be cited as the "Pain-Capable Unborn Child Protection Act."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Scott amendment and the roll was called. There were 59 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Albright	Drazkowski	Heinrich	Lucero	Neu	Runbeck
Anderson	Erickson	Heintzeman	Lueck	Nornes	Sandstede
Bahr	Fabian	Hertaus	Marquart	O'Driscoll	Schomacker
Baker	Franson	Johnson	McDonald	O'Neill	Scott
Bennett	Garofalo	Jurgens	Mekeland	Pelowski	Theis
Boe	Green	Kiel	Miller	Petersburg	Torkelson
Daniels	Grossell	Koznick	Munson	Pierson	Urdahl
Daudt	Gruenhagen	Kresha	Murphy	Poston	Vogel
Davids	Gunther	Layman	Nash	Quam	Zerwas
Dettmer	Haley	Lislegard	Nelson, N.	Robbins	

Those who voted in the negative were:

Acomb	Davnie	Her	Lillie	Noor	Tabke
Bahner	Dehn	Hornstein	Lippert	Olson	Vang
Becker-Finn	Ecklund	Howard	Loeffler	Persell	Wagenius
Bernardy	Edelson	Huot	Long	Pinto	Wazlawik
Bierman	Elkins	Klevorn	Mahoney	Poppe	Winkler
Brand	Fischer	Koegel	Mann	Pryor	Wolgamott
Cantrell	Freiberg	Kotzya-Witthuhn	Mariani	Richardson	Xiong, J.
Carlson, A.	Gomez	Kunesh-Podein	Masin	Sandell	Xiong, T.
Carlson, L.	Halverson	Lee	Moller	Sauke	Youakim
Christensen	Hansen	Lesch	Moran	Schultz	Spk. Hortman
Clafin	Hassan	Liebling	Morrison	Stephenson	
Considine	Hausman	Lien	Nelson, M.	Sundin	

The motion did not prevail and the amendment was not adopted.

Munson moved to amend H. F. No. 2414, the first engrossment, as amended, as follows:

Page 516, line 24, strike everything after the period

Page 516, strike lines 25 and 26

The motion did not prevail and the amendment was not adopted.

Munson moved to amend H. F. No. 2414, the first engrossment, as amended, as follows:

Page 516, line 24, delete the new language and reinstate the stricken "\$25"

The motion did not prevail and the amendment was not adopted.

Munson offered an amendment to H. F. No. 2414, the first engrossment, as amended.

## POINT OF ORDER

Carlson, L., raised a point of order pursuant to rule 4.03, relating to Ways and Means Committee; Budget Resolution; Effect on Expenditure and Revenue Bills, that the Munson amendment was not in order. Speaker pro tempore Poppe ruled the point of order well taken and the Munson amendment out of order.

Garofalo moved to amend H. F. No. 2414, the first engrossment, as amended, as follows:

Page 657, after line 24, insert:

"Sec. 37. Minnesota Statutes 2018, section 152.01, subdivision 23, is amended to read:

Subd. 23. **Analog.** (a) Except as provided in paragraph (b), "analog" means a substance, the chemical structure of which is substantially similar to the chemical structure of a controlled substance in Schedule I or II:

(1) that has a stimulant, depressant, or hallucinogenic effect on the central nervous system that is substantially similar to or greater than the stimulant, depressant, or hallucinogenic effect on the central nervous system of a controlled substance in Schedule I or II; or

(2) with respect to a particular person, if the person represents or intends that the substance have a stimulant, depressant, or hallucinogenic effect on the central nervous system that is substantially similar to or greater than the stimulant, depressant, or hallucinogenic effect on the central nervous system of a controlled substance in Schedule I or II.

(b) "Analog" does not include:

(1) a controlled substance;

(2) any substance for which there is an approved new drug application under the Federal Food, Drug, and Cosmetic Act; ~~or~~

(3) with respect to a particular person, any substance, if an exemption is in effect for investigational use, for that person, as provided by United States Code, title 21, section 355, and the person is registered as a controlled substance researcher as required under section 152.12, subdivision 3, to the extent conduct with respect to the substance is pursuant to the exemption and registration; or

(4) marijuana or tetrahydrocannabinols naturally contained in a plant of the genus cannabis or in the resinous extractives of the plant.

**EFFECTIVE DATE.** This section is effective August 1, 2019, and applies to crimes committed on or after that date.

Sec. 38. Minnesota Statutes 2018, section 152.02, subdivision 2, is amended to read:

Subd. 2. **Schedule I.** (a) Schedule I consists of the substances listed in this subdivision.

(b) Opiates. Unless specifically excepted or unless listed in another schedule, any of the following substances, including their analogs, isomers, esters, ethers, salts, and salts of isomers, esters, and ethers, whenever the existence of the analogs, isomers, esters, ethers, and salts is possible:

(1) acetylmethadol;

- (2) allylprodine;
- (3) alphacetylmethadol (except levo-alphacetylmethadol, also known as levomethadyl acetate);
- (4) alphameprodine;
- (5) alphamethadol;
- (6) alpha-methylfentanyl benzethidine;
- (7) betacetylmethadol;
- (8) betameprodine;
- (9) betamethadol;
- (10) betaprodine;
- (11) clonitazene;
- (12) dextromoramide;
- (13) diampromide;
- (14) diethylambutene;
- (15) difenoxin;
- (16) dimenoxadol;
- (17) dimepheptanol;
- (18) dimethylambutene;
- (19) dioxaphetyl butyrate;
- (20) dipipanone;
- (21) ethylmethylthiambutene;
- (22) etonitazene;
- (23) etoxeridine;
- (24) furethidine;
- (25) hydroxypethidine;
- (26) ketobemidone;
- (27) levomoramide;

- (28) levophenacymorphan;
- (29) 3-methylfentanyl;
- (30) acetyl-alpha-methylfentanyl;
- (31) alpha-methylthiofentanyl;
- (32) benzylfentanyl beta-hydroxyfentanyl;
- (33) beta-hydroxy-3-methylfentanyl;
- (34) 3-methylthiofentanyl;
- (35) thenylfentanyl;
- (36) thiofentanyl;
- (37) para-fluorofentanyl;
- (38) morpheridine;
- (39) 1-methyl-4-phenyl-4-propionoxypiperidine;
- (40) noracymethadol;
- (41) norlevorphanol;
- (42) normethadone;
- (43) norpipanone;
- (44) 1-(2-phenylethyl)-4-phenyl-4-acetoxypiperidine (PEPAP);
- (45) phenadoxone;
- (46) phenampromide;
- (47) phenomorphan;
- (48) phenoperidine;
- (49) piritramide;
- (50) proheptazine;
- (51) properidine;
- (52) propiram;
- (53) racemoramide;



- (54) tilidine;
- (55) trimeperidine;
- (56) N-(1-Phenethylpiperidin-4-yl)-N-phenylacetamide (acetyl fentanyl);
- (57) 3,4-dichloro-N-[(1R,2R)-2-(dimethylamino)cyclohexyl]-N-methylbenzamide(U47700);
- (58) N-phenyl-N-[1-(2-phenylethyl)piperidin-4-yl]furan-2-carboxamide (furanylfentanyl); and
- (59) 4-(4-bromophenyl)-4-dimethylamino-1-phenethylcyclohexanol (bromadol).

(c) Opium derivatives. Any of the following substances, their analogs, salts, isomers, and salts of isomers, unless specifically excepted or unless listed in another schedule, whenever the existence of the analogs, salts, isomers, and salts of isomers is possible:

- (1) acetorphine;
- (2) acetyldihydrocodeine;
- (3) benzylmorphine;
- (4) codeine methylbromide;
- (5) codeine-n-oxide;
- (6) cyprenorphine;
- (7) desomorphine;
- (8) dihydromorphine;
- (9) drotebanol;
- (10) etorphine;
- (11) heroin;
- (12) hydromorphanol;
- (13) methyl-desorphine;
- (14) methyldihydromorphine;
- (15) morphine methylbromide;
- (16) morphine methylsulfonate;
- (17) morphine-n-oxide;

- (18) myrophine;
- (19) nicocodeine;
- (20) nicomorphine;
- (21) normorphine;
- (22) pholcodine; and
- (23) thebacon.

(d) Hallucinogens. Any material, compound, mixture or preparation which contains any quantity of the following substances, their analogs, salts, isomers (whether optical, positional, or geometric), and salts of isomers, unless specifically excepted or unless listed in another schedule, whenever the existence of the analogs, salts, isomers, and salts of isomers is possible:

- (1) methylenedioxy amphetamine;
- (2) methylenedioxymethamphetamine;
- (3) methylenedioxy-N-ethylamphetamine (MDEA);
- (4) n-hydroxy-methylenedioxyamphetamine;
- (5) 4-bromo-2,5-dimethoxyamphetamine (DOB);
- (6) 2,5-dimethoxyamphetamine (2,5-DMA);
- (7) 4-methoxyamphetamine;
- (8) 5-methoxy-3, 4-methylenedioxyamphetamine;
- (9) alpha-ethyltryptamine;
- (10) bufotenine;
- (11) diethyltryptamine;
- (12) dimethyltryptamine;
- (13) 3,4,5-trimethoxyamphetamine;
- (14) 4-methyl-2, 5-dimethoxyamphetamine (DOM);
- (15) ibogaine;
- (16) lysergic acid diethylamide (LSD);
- (17) mescaline;

- (18) parahexyl;
- (19) N-ethyl-3-piperidyl benzilate;
- (20) N-methyl-3-piperidyl benzilate;
- (21) psilocybin;
- (22) psilocyn;
- (23) tenocyclidine (TPCP or TCP);
- (24) N-ethyl-1-phenyl-cyclohexylamine (PCE);
- (25) 1-(1-phenylcyclohexyl) pyrrolidine (PCPy);
- (26) 1-[1-(2-thienyl)cyclohexyl]-pyrrolidine (TCPy);
- (27) 4-chloro-2,5-dimethoxyamphetamine (DOC);
- (28) 4-ethyl-2,5-dimethoxyamphetamine (DOET);
- (29) 4-iodo-2,5-dimethoxyamphetamine (DOI);
- (30) 4-bromo-2,5-dimethoxyphenethylamine (2C-B);
- (31) 4-chloro-2,5-dimethoxyphenethylamine (2C-C);
- (32) 4-methyl-2,5-dimethoxyphenethylamine (2C-D);
- (33) 4-ethyl-2,5-dimethoxyphenethylamine (2C-E);
- (34) 4-iodo-2,5-dimethoxyphenethylamine (2C-I);
- (35) 4-propyl-2,5-dimethoxyphenethylamine (2C-P);
- (36) 4-isopropylthio-2,5-dimethoxyphenethylamine (2C-T-4);
- (37) 4-propylthio-2,5-dimethoxyphenethylamine (2C-T-7);
- (38) 2-(8-bromo-2,3,6,7-tetrahydrofuro [2,3-f][1]benzofuran-4-yl)ethanamine (2-CB-FLY);
- (39) bromo-benzodifuranyl-isopropylamine (Bromo-DragonFLY);
- (40) alpha-methyltryptamine (AMT);
- (41) N,N-diisopropyltryptamine (DiPT);
- (42) 4-acetoxy-N,N-dimethyltryptamine (4-AcO-DMT);
- (43) 4-acetoxy-N,N-diethyltryptamine (4-AcO-DET);

- (44) 4-hydroxy-N-methyl-N-propyltryptamine (4-HO-MPT);
- (45) 4-hydroxy-N,N-dipropyltryptamine (4-HO-DPT);
- (46) 4-hydroxy-N,N-diallyltryptamine (4-HO-DALT);
- (47) 4-hydroxy-N,N-diisopropyltryptamine (4-HO-DiPT);
- (48) 5-methoxy-N,N-diisopropyltryptamine (5-MeO-DiPT);
- (49) 5-methoxy- $\alpha$ -methyltryptamine (5-MeO-AMT);
- (50) 5-methoxy-N,N-dimethyltryptamine (5-MeO-DMT);
- (51) 5-methylthio-N,N-dimethyltryptamine (5-MeS-DMT);
- (52) 5-methoxy-N-methyl-N-isopropyltryptamine (5-MeO-MiPT);
- (53) 5-methoxy- $\alpha$ -ethyltryptamine (5-MeO-AET);
- (54) 5-methoxy-N,N-dipropyltryptamine (5-MeO-DPT);
- (55) 5-methoxy-N,N-diethyltryptamine (5-MeO-DET);
- (56) 5-methoxy-N,N-diallyltryptamine (5-MeO-DALT);
- (57) methoxetamine (MXE);
- (58) 5-iodo-2-aminoindane (5-IAI);
- (59) 5,6-methylenedioxy-2-aminoindane (MDAI);
- (60) 2-(4-bromo-2,5-dimethoxyphenyl)-N-(2-methoxybenzyl)ethanamine (25B-NBOMe);
- (61) 2-(4-chloro-2,5-dimethoxyphenyl)-N-(2-methoxybenzyl)ethanamine (25C-NBOMe);
- (62) 2-(4-iodo-2,5-dimethoxyphenyl)-N-(2-methoxybenzyl)ethanamine (25I-NBOMe);
- (63) 2-(2,5-Dimethoxyphenyl)ethanamine (2C-H);
- (64) 2-(4-Ethylthio-2,5-dimethoxyphenyl)ethanamine (2C-T-2);
- (65) N,N-Dipropyltryptamine (DPT);
- (66) 3-[1-(Piperidin-1-yl)cyclohexyl]phenol (3-HO-PCP);
- (67) N-ethyl-1-(3-methoxyphenyl)cyclohexanamine (3-MeO-PCE);
- (68) 4-[1-(3-methoxyphenyl)cyclohexyl]morpholine (3-MeO-PCMo);
- (69) 1-[1-(4-methoxyphenyl)cyclohexyl]-piperidine (methoxydine, 4-MeO-PCP);

(70) 2-(2-Chlorophenyl)-2-(ethylamino)cyclohexan-1-one (N-Ethylorketamine, ethketamine, NENK);

(71) methylenedioxy-N,N-dimethylamphetamine (MDDMA);

(72) 3-(2-Ethyl(methyl)aminoethyl)-1H-indol-4-yl (4-AcO-MET); and

(73) 2-Phenyl-2-(methylamino)cyclohexanone (deschloroketamine).

(e) Peyote. All parts of the plant presently classified botanically as *Lophophora williamsii* Lemaire, whether growing or not, the seeds thereof, any extract from any part of the plant, and every compound, manufacture, salts, derivative, mixture, or preparation of the plant, its seeds or extracts. The listing of peyote as a controlled substance in Schedule I does not apply to the nondrug use of peyote in bona fide religious ceremonies of the American Indian Church, and members of the American Indian Church are exempt from registration. Any person who manufactures peyote for or distributes peyote to the American Indian Church, however, is required to obtain federal registration annually and to comply with all other requirements of law.

(f) Central nervous system depressants. Unless specifically excepted or unless listed in another schedule, any material compound, mixture, or preparation which contains any quantity of the following substances, their analogs, salts, isomers, and salts of isomers whenever the existence of the analogs, salts, isomers, and salts of isomers is possible:

(1) mecloqualone;

(2) methaqualone;

(3) gamma-hydroxybutyric acid (GHB), including its esters and ethers;

(4) flunitrazepam; and

(5) 2-(2-Methoxyphenyl)-2-(methylamino)cyclohexanone (2-MeO-2-deschloroketamine, methoxyketamine).

(g) Stimulants. Unless specifically excepted or unless listed in another schedule, any material compound, mixture, or preparation which contains any quantity of the following substances, their analogs, salts, isomers, and salts of isomers whenever the existence of the analogs, salts, isomers, and salts of isomers is possible:

(1) aminorex;

(2) cathinone;

(3) fenethylamine;

(4) methcathinone;

(5) methylaminorex;

(6) N,N-dimethylamphetamine;

(7) N-benzylpiperazine (BZP);

(8) methylmethcathinone (mephedrone);

- (9) 3,4-methylenedioxy-N-methylcathinone (methydone);
- (10) methoxymethcathinone (methedrone);
- (11) methylenedioxypropylvalerone (MDPV);
- (12) 3-fluoro-N-methylcathinone (3-FMC);
- (13) methylethcathinone (MEC);
- (14) 1-benzofuran-6-ylpropan-2-amine (6-APB);
- (15) dimethylmethcathinone (DMMC);
- (16) fluoroamphetamine;
- (17) fluoromethamphetamine;
- (18)  $\alpha$ -methylaminobutyrophenone (MABP or buphedrone);
- (19) 1-(1,3-benzodioxol-5-yl)-2-(methylamino)butan-1-one (butylone);
- (20) 2-(methylamino)-1-(4-methylphenyl)butan-1-one (4-MEMABP or BZ-6378);
- (21) 1-(naphthalen-2-yl)-2-(pyrrolidin-1-yl) pentan-1-one (naphthylpyrovalerone or naphyrone);
- (22) (alpha-pyrrolidinopentiophenone (alpha-PVP);
- (23) (RS)-1-(4-methylphenyl)-2-(1-pyrrolidinyl)-1-hexanone (4-Me-PHP or MPHP);
- (24) 2-(1-pyrrolidinyl)-hexanophenone (Alpha-PHP);
- (25) 4-methyl-N-ethylcathinone (4-MEC);
- (26) 4-methyl-alpha-pyrrolidinopropiophenone (4-MePPP);
- (27) 2-(methylamino)-1-phenylpentan-1-one (pentedrone);
- (28) 1-(1,3-benzodioxol-5-yl)-2-(methylamino)pentan-1-one (pentylone);
- (29) 4-fluoro-N-methylcathinone (4-FMC);
- (30) 3,4-methylenedioxy-N-ethylcathinone (ethylone);
- (31) alpha-pyrrolidinobutiophenone ( $\alpha$ -PBP);
- (32) 5-(2-Aminopropyl)-2,3-dihydrobenzofuran (5-APDB);
- (33) 1-phenyl-2-(1-pyrrolidinyl)-1-heptanone (PV8);
- (34) 6-(2-Aminopropyl)-2,3-dihydrobenzofuran (6-APDB);

- (35) 4-methyl-alpha-ethylaminopentiophenone (4-MEAPP);
- (36) 4'-chloro-alpha-pyrrolidinopropiophenone (4'-chloro-PPP);
- (37) 1-(1,3-Benzodioxol-5-yl)-2-(dimethylamino)butan-1-one (dibutylone, bk-DMBDB);
- (38) 1-(3-chlorophenyl) piperazine (meta-chlorophenylpiperazine or mCPP); and

(39) any other substance, except bupropion or compounds listed under a different schedule, that is structurally derived from 2-aminopropan-1-one by substitution at the 1-position with either phenyl, naphthyl, or thiophene ring systems, whether or not the compound is further modified in any of the following ways:

(i) by substitution in the ring system to any extent with alkyl, alkylendioxy, alkoxy, haloalkyl, hydroxyl, or halide substituents, whether or not further substituted in the ring system by one or more other univalent substituents;

(ii) by substitution at the 3-position with an acyclic alkyl substituent;

(iii) by substitution at the 2-amino nitrogen atom with alkyl, dialkyl, benzyl, or methoxybenzyl groups; or

(iv) by inclusion of the 2-amino nitrogen atom in a cyclic structure.

(h) ~~Marijuana~~, Synthetic tetrahydrocannabinols, and Synthetic cannabinoid. Unless specifically excepted or unless listed in another schedule, any ~~natural~~ or synthetic material, compound, mixture, or preparation that contains any quantity of the following substances, their analogs, isomers, esters, ethers, salts, and salts of isomers, esters, and ethers, whenever the existence of the isomers, esters, ethers, or salts is possible:

(1) ~~marijuana~~;

(2) synthetic tetrahydrocannabinols ~~naturally contained in a plant of the genus Cannabis, that are the~~ synthetic equivalents of the substances contained in the cannabis plant or in the resinous extractives of the plant, or synthetic substances with similar chemical structure and pharmacological activity to those substances contained in the plant or resinous extract, including, but not limited to, 1 cis or trans tetrahydrocannabinol, 6 cis or trans tetrahydrocannabinol, and 3,4 cis or trans tetrahydrocannabinol;

(3) (2) synthetic cannabinoid, including the following substances:

(i) Naphthoylindoles, which are any compounds containing a 3-(1-naphthoyl)indole structure with substitution at the nitrogen atom of the indole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group, whether or not further substituted in the indole ring to any extent and whether or not substituted in the naphthyl ring to any extent. Examples of naphthoylindoles include, but are not limited to:

(A) 1-Pentyl-3-(1-naphthoyl)indole (JWH-018 and AM-678);

(B) 1-Butyl-3-(1-naphthoyl)indole (JWH-073);

(C) 1-Pentyl-3-(4-methoxy-1-naphthoyl)indole (JWH-081);

(D) 1-[2-(4-morpholinyl)ethyl]-3-(1-naphthoyl)indole (JWH-200);

(E) 1-Propyl-2-methyl-3-(1-naphthoyl)indole (JWH-015);

- (F) 1-Hexyl-3-(1-naphthoyl)indole (JWH-019);
- (G) 1-Pentyl-3-(4-methyl-1-naphthoyl)indole (JWH-122);
- (H) 1-Pentyl-3-(4-ethyl-1-naphthoyl)indole (JWH-210);
- (I) 1-Pentyl-3-(4-chloro-1-naphthoyl)indole (JWH-398);
- (J) 1-(5-fluoropentyl)-3-(1-naphthoyl)indole (AM-2201).

(ii) Naphthylmethylindoles, which are any compounds containing a 1H-indol-3-yl-(1-naphthyl)methane structure with substitution at the nitrogen atom of the indole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group, whether or not further substituted in the indole ring to any extent and whether or not substituted in the naphthyl ring to any extent. Examples of naphthylmethylindoles include, but are not limited to:

- (A) 1-Pentyl-1H-indol-3-yl-(1-naphthyl)methane (JWH-175);
- (B) 1-Pentyl-1H-indol-3-yl-(4-methyl-1-naphthyl)methane (JWH-184).

(iii) Naphthoylpyrroles, which are any compounds containing a 3-(1-naphthoyl)pyrrole structure with substitution at the nitrogen atom of the pyrrole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group whether or not further substituted in the pyrrole ring to any extent, whether or not substituted in the naphthyl ring to any extent. Examples of naphthoylpyrroles include, but are not limited to, (5-(2-fluorophenyl)-1-pentylpyrrol-3-yl)-naphthalen-1-ylmethanone (JWH-307).

(iv) Naphthylmethylindenes, which are any compounds containing a naphthylideneindene structure with substitution at the 3-position of the indene ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group whether or not further substituted in the indene ring to any extent, whether or not substituted in the naphthyl ring to any extent. Examples of naphthylmethylindenes include, but are not limited to, E-1-[1-(1-naphthalenylmethylene)-1H-inden-3-yl]pentane (JWH-176).

(v) Phenylacetylindoles, which are any compounds containing a 3-phenylacetylindole structure with substitution at the nitrogen atom of the indole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group whether or not further substituted in the indole ring to any extent, whether or not substituted in the phenyl ring to any extent. Examples of phenylacetylindoles include, but are not limited to:

- (A) 1-(2-cyclohexylethyl)-3-(2-methoxyphenylacetyl)indole (RCS-8);
- (B) 1-pentyl-3-(2-methoxyphenylacetyl)indole (JWH-250);
- (C) 1-pentyl-3-(2-methylphenylacetyl)indole (JWH-251);
- (D) 1-pentyl-3-(2-chlorophenylacetyl)indole (JWH-203).

(vi) Cyclohexylphenols, which are compounds containing a 2-(3-hydroxycyclohexyl)phenol structure with substitution at the 5-position of the phenolic ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group whether or not substituted in the cyclohexyl ring to any extent. Examples of cyclohexylphenols include, but are not limited to:



(A) 5-(1,1-dimethylheptyl)-2-[(1R,3S)-3-hydroxycyclohexyl]-phenol (CP 47,497);

(B) 5-(1,1-dimethyloctyl)-2-[(1R,3S)-3-hydroxycyclohexyl]-phenol (Cannabicyclohexanol or CP 47,497 C8 homologue);

(C) 5-(1,1-dimethylheptyl)-2-[(1R,2R)-5-hydroxy-2-(3-hydroxypropyl)cyclohexyl]-phenol (CP 55,940).

(vii) Benzoylindoles, which are any compounds containing a 3-(benzoyl)indole structure with substitution at the nitrogen atom of the indole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group whether or not further substituted in the indole ring to any extent and whether or not substituted in the phenyl ring to any extent. Examples of benzoylindoles include, but are not limited to:

(A) 1-Pentyl-3-(4-methoxybenzoyl)indole (RCS-4);

(B) 1-(5-fluoropentyl)-3-(2-iodobenzoyl)indole (AM-694);

(C) (4-methoxyphenyl-[2-methyl-1-(2-(4-morpholinyl)ethyl)indol-3-yl]methanone (WIN 48,098 or Pravadoline).

(viii) Others specifically named:

(A) (6aR,10aR)-9-(hydroxymethyl)-6,6-dimethyl-3-(2-methyloctan-2-yl)-6a,7,10,10a-tetrahydrobenzo[c]chromen-1-ol (HU-210);

(B) (6aS,10aS)-9-(hydroxymethyl)-6,6-dimethyl-3-(2-methyloctan-2-yl)-6a,7,10,10a-tetrahydrobenzo[c]chromen-1-ol (Dexanabinol or HU-211);

(C) 2,3-dihydro-5-methyl-3-(4-morpholinylmethyl)pyrrolo[1,2,3-de]-1,4-benzoxazin-6-yl-1-naphthalenylmethanone (WIN 55,212-2);

(D) (1-pentylindol-3-yl)-(2,2,3,3-tetramethylcyclopropyl)methanone (UR-144);

(E) (1-(5-fluoropentyl)-1H-indol-3-yl)(2,2,3,3-tetramethylcyclopropyl)methanone (XLR-11);

(F) 1-pentyl-N-tricyclo[3.3.1.1<sup>3,7</sup>]dec-1-yl-1H-indazole-3-carboxamide (AKB-48(APINACA));

(G) N-((3s,5s,7s)-adamantan-1-yl)-1-(5-fluoropentyl)-1H-indazole-3-carboxamide (5-Fluoro-AKB-48);

(H) 1-pentyl-8-quinolinyl ester-1H-indole-3-carboxylic acid (PB-22);

(I) 8-quinolinyl ester-1-(5-fluoropentyl)-1H-indole-3-carboxylic acid (5-Fluoro PB-22);

(J) N-[(1S)-1-(aminocarbonyl)-2-methylpropyl]-1-pentyl-1H-indazole-3-carboxamide (AB-PINACA);

(K) N-[(1S)-1-(aminocarbonyl)-2-methylpropyl]-1-[(4-fluorophenyl)methyl]-1H-indazole-3-carboxamide (AB-FUBINACA);

(L) N-[(1S)-1-(aminocarbonyl)-2-methylpropyl]-1-(cyclohexylmethyl)-1H-indazole-3-carboxamide(AB-CHMINACA);

(M) (S)-methyl 2-(1-(5-fluoropentyl)-1H-indazole-3-carboxamido)-3-methylbutanoate (5-fluoro-AMB);

- (N) [1-(5-fluoropentyl)-1H-indazol-3-yl](naphthalen-1-yl) methanone (THJ-2201);
- (O) (1-(5-fluoropentyl)-1H-benzo[d]imidazol-2-yl)(naphthalen-1-yl)methanone (FUBIMINA);
- (P) (7-methoxy-1-(2-morpholinoethyl)-N-((1S,2S,4R)-1,3,3-trimethylbicyclo [2.2.1]heptan-2-yl)-1H-indole-3-carboxamide (MN-25 or UR-12);
- (Q) (S)-N-(1-amino-3-methyl-1-oxobutan-2-yl)-1-(5-fluoropentyl)-1H-indole-3-carboxamide (5-fluoro-ABICA);
- (R) N-(1-amino-3-phenyl-1-oxopropan-2-yl)-1-(5-fluoropentyl)-1H-indole-3-carboxamide;
- (S) N-(1-amino-3-phenyl-1-oxopropan-2-yl)-1-(5-fluoropentyl)-1H-indazole-3-carboxamide;
- (T) methyl 2-(1-(cyclohexylmethyl)-1H-indole-3-carboxamido)-3,3-dimethylbutanoate;
- (U) N-(1-amino-3,3-dimethyl-1-oxobutan-2-yl)-1-(cyclohexylmethyl)-1H-indazole-3-carboxamide (MAB-CHMINACA);
- (V) N-(1-Amino-3,3-dimethyl-1-oxo-2-butanyl)-1-pentyl-1H-indazole-3-carboxamide (ADB-PINACA);
- (W) methyl (1-(4-fluorobenzyl)-1H-indazole-3-carbonyl)-L-valinate (FUB-AMB);
- (X) N-[(1S)-2-amino-2-oxo-1-(phenylmethyl)ethyl]-1-(cyclohexylmethyl)-1H-Indazole-3-carboxamide. (APP-CHMINACA);
- (Y) quinolin-8-yl 1-(4-fluorobenzyl)-1H-indole-3-carboxylate (FUB-PB-22); and
- (Z) methyl N-[1-(cyclohexylmethyl)-1H-indole-3-carbonyl]valinate (MMB-CHMICA).

(i) A controlled substance analog, to the extent that it is implicitly or explicitly intended for human consumption.

**EFFECTIVE DATE.** This section is effective August 1, 2019, and applies to crimes committed on or after that date.

Sec. 39. Minnesota Statutes 2018, section 152.02, subdivision 3, is amended to read:

Subd. 3. **Schedule II.** (a) Schedule II consists of the substances listed in this subdivision.

(b) Unless specifically excepted or unless listed in another schedule, any of the following substances whether produced directly or indirectly by extraction from substances of vegetable origin or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis:

(1) Opium and opiate, and any salt, compound, derivative, or preparation of opium or opiate.

(i) Excluding:

(A) apomorphine;

(B) thebaine-derived butorphanol;

(C) dextrophan;

(D) nalbuphine;

- (E) nalmeffene;
- (F) naloxegol;
- (G) naloxone;
- (H) naltrexone; and
- (I) their respective salts;

(ii) but including the following:

- (A) opium, in all forms and extracts;
- (B) codeine;
- (C) dihydroetorphine;
- (D) ethylmorphine;
- (E) etorphine hydrochloride;
- (F) hydrocodone;
- (G) hydromorphone;
- (H) metopon;
- (I) morphine;
- (J) oxycodone;
- (K) oxymorphone;
- (L) thebaine;
- (M) oripavine;

(2) any salt, compound, derivative, or preparation thereof which is chemically equivalent or identical with any of the substances referred to in clause (1), except that these substances shall not include the isoquinoline alkaloids of opium;

(3) opium poppy and poppy straw;

(4) coca leaves and any salt, cocaine compound, derivative, or preparation of coca leaves (including cocaine and ecgonine and their salts, isomers, derivatives, and salts of isomers and derivatives), and any salt, compound, derivative, or preparation thereof which is chemically equivalent or identical with any of these substances, except that the substances shall not include decocainized coca leaves or extraction of coca leaves, which extractions do not contain cocaine or ecgonine;

(5) concentrate of poppy straw (the crude extract of poppy straw in either liquid, solid, or powder form which contains the phenanthrene alkaloids of the opium poppy).

(c) Any of the following opiates, including their isomers, esters, ethers, salts, and salts of isomers, esters and ethers, unless specifically excepted, or unless listed in another schedule, whenever the existence of such isomers, esters, ethers and salts is possible within the specific chemical designation:

- (1) alfentanil;
- (2) alphaprodine;
- (3) anileridine;
- (4) bezitramide;
- (5) bulk dextropropoxyphene (nondosage forms);
- (6) carfentanil;
- (7) dihydrocodeine;
- (8) dihydromorphinone;
- (9) diphenoxylate;
- (10) fentanyl;
- (11) isomethadone;
- (12) levo-alpha-acetylmethadol (LAAM);
- (13) levomethorphan;
- (14) levorphanol;
- (15) metazocine;
- (16) methadone;
- (17) methadone - intermediate, 4-cyano-2-dimethylamino-4, 4-diphenylbutane;
- (18) moramide - intermediate, 2-methyl-3-morpholino-1, 1-diphenyl-propane-carboxylic acid;
- (19) pethidine;
- (20) pethidine - intermediate - a, 4-cyano-1-methyl-4-phenylpiperidine;
- (21) pethidine - intermediate - b, ethyl-4-phenylpiperidine-4-carboxylate;
- (22) pethidine - intermediate - c, 1-methyl-4-phenylpiperidine-4-carboxylic acid;

- (23) phenazocine;
- (24) piminodine;
- (25) racemethorphan;
- (26) racemorphan;
- (27) remifentanil;
- (28) sufentanil;
- (29) tapentadol;
- (30) 4-Anilino-N-phenethyl-4-piperidine (ANPP).

(d) Unless specifically excepted or unless listed in another schedule, any material, compound, mixture, or preparation which contains any quantity of the following substances having a stimulant effect on the central nervous system:

- (1) amphetamine, its salts, optical isomers, and salts of its optical isomers;
- (2) methamphetamine, its salts, isomers, and salts of its isomers;
- (3) phenmetrazine and its salts;
- (4) methylphenidate;
- (5) lisdexamfetamine.

(e) Unless specifically excepted or unless listed in another schedule, any material, compound, mixture, or preparation which contains any quantity of the following substances having a depressant effect on the central nervous system, including its salts, isomers, and salts of isomers whenever the existence of such salts, isomers, and salts of isomers is possible within the specific chemical designation:

- (1) amobarbital;
- (2) glutethimide;
- (3) secobarbital;
- (4) pentobarbital;
- (5) phencyclidine;
- (6) phencyclidine immediate precursors:
  - (i) 1-phenylcyclohexylamine;
  - (ii) 1-piperidinocyclohexanecarbonitrile;

(7) phenylacetone.

(f) ~~Hallucinogenic substances~~ Cannabis and cannabinoids:

(1) nabilone;

(2) unless specifically excepted or unless listed in another schedule, any natural material, compound, mixture, or preparation that contains any quantity of the following substances, their analogs, isomers, esters, ethers, salts, and salts of isomers, esters, and ethers, whenever the existence of the isomers, esters, ethers, or salts is possible:

(i) marijuana; and

(ii) tetrahydrocannabinols naturally contained in a plant of the genus cannabis or in the resinous extractives of the plant.

**EFFECTIVE DATE.** This section is effective August 1, 2019, and applies to crimes committed on or after that date.

Sec. 40. Minnesota Statutes 2018, section 152.11, is amended by adding a subdivision to read:

Subd. 5. **Exception.** References in this section to Schedule II controlled substances do not extend to marijuana or tetrahydrocannabinols.

Sec. 41. Minnesota Statutes 2018, section 152.12, is amended by adding a subdivision to read:

Subd. 6. **Exception.** References in this section to Schedule II controlled substances do not extend to marijuana or tetrahydrocannabinols.

Sec. 42. Minnesota Statutes 2018, section 152.125, subdivision 3, is amended to read:

Subd. 3. **Limits on applicability.** This section does not apply to:

(1) a physician's treatment of an individual for chemical dependency resulting from the use of controlled substances in Schedules II to V of section 152.02;

(2) the prescription or administration of controlled substances in Schedules II to V of section 152.02 to an individual whom the physician knows to be using the controlled substances for nontherapeutic purposes;

(3) the prescription or administration of controlled substances in Schedules II to V of section 152.02 for the purpose of terminating the life of an individual having intractable pain; ~~or~~

(4) the prescription or administration of a controlled substance in Schedules II to V of section 152.02 that is not a controlled substance approved by the United States Food and Drug Administration for pain relief; or

(5) the administration of medical cannabis under sections 152.21 to 152.37.

Sec. 43. Minnesota Statutes 2018, section 152.126, 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.

(b) "Board" means the Minnesota State Board of Pharmacy established under chapter 151.

(c) "Controlled substances" means those substances listed in section 152.02, subdivisions 3 to 6, and those substances defined by the board pursuant to section 152.02, subdivisions 7, 8, and 12. For the purposes of this section, controlled substances includes butalbital and gabapentin but does not include medical cannabis under sections 152.21 to 152.37.

(d) "Dispense" or "dispensing" has the meaning given in section 151.01, subdivision 30. Dispensing does not include the direct administering of a controlled substance to a patient by a licensed health care professional.

(e) "Dispenser" means a person authorized by law to dispense a controlled substance, pursuant to a valid prescription. For the purposes of this section, a dispenser does not include a licensed hospital pharmacy that distributes controlled substances for inpatient hospital care or a veterinarian who is dispensing prescriptions under section 156.18.

(f) "Prescriber" means a licensed health care professional who is authorized to prescribe a controlled substance under section 152.12, subdivision 1 or 2.

(g) "Prescription" has the meaning given in section 151.01, subdivision 16a."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Albright moved to amend H. F. No. 2414, the first engrossment, as amended, as follows:

Page 592, line 27, after "authority" insert "and premiums shall be subject to the gross premiums tax under section 297I.05, subdivision 5"

Page 595, after line 5, insert:

"Subd. 12. **Grants to establish hospitals and clinics.** The commissioner shall provide grants to establish hospitals and medical clinics in areas of the state in which OneCare Buy-In provider networks provide inadequate enrollee access, or in which existing hospitals and medical clinics close due to inadequate OneCare Buy-In provider payment rates."

Renumber the subdivisions in sequence

Page 595, line 8, delete "11" and insert "12"

Page 595, line 9, delete "12" and insert "13"

Page 602, after line 19, insert:

"Sec. 28. Minnesota Statutes 2018, section 297I.05, subdivision 5, is amended to read:

Subd. 5. **Health maintenance organizations, nonprofit health service plan corporations, OneCare Buy-In plans, and community integrated service networks.** (a) A tax is imposed on health maintenance organizations, community integrated service networks, OneCare Buy-In plans established under chapter 256T, and nonprofit health

care service plan corporations. The rate of tax is equal to one percent of gross premiums less return premiums on all direct business received by the organization, network, plan, or corporation or its agents in Minnesota, in cash or otherwise, in the calendar year.

(b) The commissioner shall deposit all revenues, including penalties and interest, collected under this chapter from health maintenance organizations, community integrated service networks, and nonprofit health service plan corporations in the health care access fund and shall transfer all revenues collected from OneCare Buy-In plans to the commissioner of human services to provide grants under section 256T.02, subdivision 12. Refunds of overpayments of tax imposed by this subdivision must be paid from the health care access fund. There is annually appropriated from the health care access fund to the commissioner the amount necessary to make any refunds of the tax imposed under this subdivision.

**EFFECTIVE DATE.** This section is effective for premiums received on or after January 1, 2023."

Adjust amounts accordingly

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion did not prevail and the amendment was not adopted.

Speaker pro tempore Poppe called Olson to the Chair.

Baker moved to amend H. F. No. 2414, the first engrossment, as amended, as follows:

Page 584, lines 31 and 32, delete the new language

Page 585, line 4, delete the new language

Page 585, delete section 12

Page 588, delete section 16

Page 606, delete section 32

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Baker amendment and the roll was called. There were 48 yeas and 74 nays as follows:

Those who voted in the affirmative were:

Albright	Baker	Daniels	Drazkowski	Franson	Gruenhagen
Anderson	Bennett	Davids	Erickson	Green	Gunther
Bahr	Boe	Dettmer	Fabian	Grossell	Haley



Hertaus	Kresha	Mekeland	Nornes	Quam	Theis
Johnson	Layman	Miller	O'Neill	Robbins	Torkelson
Jurgens	Lucero	Munson	Petersburg	Runbeck	Urdahl
Kiel	Lueck	Nash	Pierson	Schomacker	Vogel
Koznick	McDonald	Nelson, N.	Poston	Scott	Zerwas

Those who voted in the negative were:

Acomb	Ecklund	Huot	Long	Pelowski	Vang
Bahner	Edelson	Klevorn	Mahoney	Persell	Wagenius
Becker-Finn	Elkins	Koegel	Mann	Pinto	Wazlawik
Bierman	Fischer	Kotzya-Witthuhn	Mariani	Poppe	Winkler
Brand	Freiberg	Kunesh-Podein	Marquart	Pryor	Wolgamott
Cantrell	Gomez	Lee	Masin	Richardson	Xiong, J.
Carlson, A.	Halverson	Lesch	Moller	Sandell	Xiong, T.
Carlson, L.	Hansen	Liebling	Moran	Sandstede	Youakim
Christensen	Hassan	Lien	Morrison	Sauke	Spk. Hortman
Clafin	Hausman	Lillie	Murphy	Schultz	
Considine	Her	Lippert	Nelson, M.	Stephenson	
Davnie	Hornstein	Lislegard	Noor	Sundin	
Dehn	Howard	Loeffler	Olson	Tabke	

The motion did not prevail and the amendment was not adopted.

Gruenhagen moved to amend H. F. No. 2414, the first engrossment, as amended, as follows:

Page 574, delete section 1

Page 579, delete section 7

Page 580, delete section 8

Page 582, delete sections 9 and 10

Page 583, delete section 11

Page 585, delete section 12

Page 587, delete section 13

Page 588, delete sections 16 and 17

Page 591, delete section 18

Page 592, delete section 19

Page 595, delete section 20

Page 596, delete section 21

Page 601, delete section 27

Page 602, delete section 28

Page 603, delete section 30

Page 606, delete sections 32 and 33

Page 1000, after line 31, insert:

"ARTICLE 20  
MINNESOTA HEALTH PLAN

Section 1. **[62X.01] HEALTH PLAN REQUIREMENTS.**

In order to keep Minnesota residents healthy and provide the best quality of health care, the Minnesota Health Plan must:

- (1) ensure all Minnesota residents are covered;
- (2) cover all necessary care, including dental, vision and hearing, mental health, chemical dependency treatment, prescription drugs, medical equipment and supplies, long-term care, and home care;
- (3) allow patients to choose their providers;
- (4) reduce costs by negotiating fair prices and by cutting administrative bureaucracy, not by restricting or denying care;
- (5) be affordable to all through premiums based on ability to pay and elimination of co-pays;
- (6) focus on preventive care and early intervention to improve health;
- (7) ensure that there are enough health care providers to guarantee timely access to care;
- (8) continue Minnesota's leadership in medical education, research, and technology;
- (9) provide adequate and timely payments to providers; and
- (10) use a simple funding and payment system.

Sec. 2. **[62X.02] MINNESOTA HEALTH PLAN GENERAL PROVISIONS.**

Subdivision 1. **Short title.** This chapter may be cited as the "Minnesota Health Plan."

Subd. 2. **Purpose.** The Minnesota Health Plan shall provide all medically necessary health care services for all Minnesota residents in a manner that meets the requirements in section 62X.01.

Subd. 3. **Definitions.** As used in this chapter, the following terms have the meanings provided:

- (a) "Board" means the Minnesota Health Board.
- (b) "Plan" means the Minnesota Health Plan.

(c) "Fund" means the Minnesota Health Fund.

(d) "Medically necessary" means services or supplies needed to promote health and to prevent, diagnose, or treat a particular patient's medical condition that meet accepted standards of medical practice within a provider's professional peer group and geographic region.

(e) "Institutional provider" means an inpatient hospital, nursing facility, rehabilitation facility, and other health care facilities that provide overnight care.

(f) "Noninstitutional provider" means individual providers, group practices, clinics, outpatient surgical centers, imaging centers, and other health facilities that do not provide overnight care.

## ARTICLE 21 ELIGIBILITY

### Section 1. [62X.03] ELIGIBILITY.

Subdivision 1. **Residency.** All Minnesota residents are eligible for the Minnesota Health Plan.

Subd. 2. **Enrollment; identification.** The Minnesota Health Board shall establish a procedure to enroll residents and provide each with identification that may be used by health care providers to confirm eligibility for services. The application for enrollment shall be no more than two pages.

Subd. 3. **Residents temporarily out of state.** (a) The Minnesota Health Plan shall provide health care coverage to Minnesota residents who are temporarily out of the state who intend to return and reside in Minnesota.

(b) Coverage for emergency care obtained out of state shall be at prevailing local rates. Coverage for nonemergency care obtained out of state shall be according to rates and conditions established by the board. The board may require that a resident be transported back to Minnesota when prolonged treatment of an emergency condition is necessary and when that transport will not adversely affect a patient's care or condition.

Subd. 4. **Visitors.** Nonresidents visiting Minnesota shall be billed by the board for all services received under the Minnesota Health Plan. The board may enter into intergovernmental arrangements or contracts with other states and countries to provide reciprocal coverage for temporary visitors.

Subd. 5. **Nonresident employed in Minnesota.** The board shall extend eligibility to nonresidents employed in Minnesota under a premium schedule set by the board.

Subd. 6. **Business outside of Minnesota employing Minnesota residents.** The board shall apply for a federal waiver to collect the employer contribution mandated by federal law.

Subd. 7. **Retiree benefits.** (a) All persons who are eligible for retiree medical benefits under an employer-employee contract shall remain eligible for those benefits provided the contractually mandated payments for those benefits are made to the Minnesota Health Fund, which shall assume financial responsibility for care provided under the terms of the contract along with additional health benefits covered by the Minnesota Health Plan. Retirees who elect to reside outside of Minnesota shall be eligible for benefits under the terms and conditions of the retiree's employer-employee contract.

(b) The board may establish financial arrangements with states and foreign countries in order to facilitate meeting the terms of the contracts described in paragraph (a). Payments for care provided by non-Minnesota providers to Minnesota retirees shall be reimbursed at rates established by the Minnesota Health Board. Providers who accept any payment from the Minnesota Health Plan for a covered service shall not bill the patient for the covered service.

Subd. 8. **Presumptive eligibility.** (a) An individual is presumed eligible for coverage under the Minnesota Health Plan if the individual arrives at a health facility unconscious, comatose, or otherwise unable, because of the individual's physical or mental condition, to document eligibility or to act on the individual's own behalf. If the patient is a minor, the patient is presumed eligible, and the health facility shall provide care as if the patient were eligible.

(b) Any individual is presumed eligible when brought to a health facility according to any provision of section 253B.05.

(c) Any individual involuntarily committed to an acute psychiatric facility or to a hospital with psychiatric beds according to any provision of section 253B.05, providing for involuntary commitment, is presumed eligible.

(d) All health facilities subject to state and federal provisions governing emergency medical treatment must comply with those provisions.

Subd. 9. **Data.** Data collected because an individual applies for or is enrolled in the Minnesota Health Plan are private data on individuals as defined in section 13.02, subdivision 12, but may be released to:

(1) providers for purposes of confirming enrollment and processing payments for benefits;

(2) the ombudsman for patient advocacy for purposes of performing duties under section 62X.12 or 62X.13; or

(3) the auditor general for purposes of performing duties under section 62X.14.

Sec. 2. Minnesota Statutes 2018, section 13.3806, is amended by adding a subdivision to read:

Subd. 1d. **Minnesota Health Plan.** Data on enrollees under the Minnesota Health Plan are classified under sections 62X.03, subdivision 9, and 62X.13, subdivision 6.

## ARTICLE 22 BENEFITS

### Section 1. **[62X.04] BENEFITS.**

Subdivision 1. **General provisions.** Any eligible individual may choose to receive services under the Minnesota Health Plan from any participating provider.

Subd. 2. **Covered benefits.** Covered health care benefits in this chapter include all medically necessary care subject to the limitations specified in subdivision 4. Covered health care benefits for Minnesota Health Plan enrollees include:

(1) inpatient and outpatient health facility services;

(2) inpatient and outpatient professional health care provider services;

(3) diagnostic imaging, laboratory services, and other diagnostic and evaluative services;

(4) medical equipment, appliances, and assistive technology, including prosthetics, eyeglasses, and hearing aids, their repair, technical support, and customization needed for individual use;

(5) inpatient and outpatient rehabilitative care;

(6) emergency care services;

(7) emergency transportation;

(8) necessary transportation for health care services for persons with disabilities or who may qualify as low income;

(9) child and adult immunizations and preventive care;

(10) health and wellness education;

(11) hospice care;

(12) care in a skilled nursing facility;

(13) home health care including health care provided in an assisted living facility;

(14) mental health services;

(15) substance abuse treatment;

(16) dental care;

(17) vision care;

(18) hearing care;

(19) prescription drugs;

(20) podiatric care;

(21) chiropractic care;

(22) acupuncture;

(23) therapies which are shown by the National Institutes of Health National Center for Complementary and Integrative Health to be safe and effective;

(24) blood and blood products;

(25) dialysis;

(26) adult day care;

(27) rehabilitative and habilitative services;

(28) ancillary health care or social services previously covered by Minnesota's public health programs;

(29) case management and care coordination;

(30) language interpretation and translation for health care services, including sign language and Braille or other services needed for individuals with communication barriers; and

(31) those health care and long-term supportive services currently covered under Minnesota Statutes 2016, chapter 256B, for persons on medical assistance, including home and community-based waived services under chapter 256B.

Subd. 3. **Benefit expansion.** The Minnesota Health Board may expand health care benefits beyond the minimum benefits described in this section when expansion meets the intent of this chapter and when there are sufficient funds to cover the expansion.

Subd. 4. **Cost-sharing for the room and board portion of long-term care.** The Minnesota Health Board shall develop income and asset qualifications based on medical assistance standards for covered benefits under subdivision 2, clauses (12) and (13). All health care services for long-term care in a skilled nursing facility or assisted living facility are fully covered but, notwithstanding section 62X.20, subdivision 6, room and board costs may be charged to patients who do not meet income and asset qualifications.

Subd. 5. **Exclusions.** The following health care services shall be excluded from coverage by the Minnesota Health Plan:

(1) health care services determined to have no medical benefit by the board;

(2) treatments and procedures primarily for cosmetic purposes, unless required to correct a congenital defect, restore or correct a part of the body that has been altered as a result of injury, disease, or surgery, or determined to be medically necessary by a qualified, licensed health care provider in the Minnesota Health Plan; and

(3) services of a health care provider or facility that is not licensed or accredited by the state, except for approved services provided to a Minnesota resident who is temporarily out of the state.

Subd. 6. **Prohibition.** The Minnesota Health Plan shall not pay for drugs requiring a prescription if the pharmaceutical companies directly market those drugs to consumers in Minnesota.

## Sec. 2. **[62X.041] PATIENT CARE.**

(a) All patients shall have a primary care provider and have access to care coordination.

(b) Referrals are not required for a patient to see a health care specialist. If a patient sees a specialist and does not have a primary care provider, the Minnesota Health Plan may assist with choosing a primary care provider.

(c) The board may establish a computerized registry to assist patients in identifying appropriate providers.

## ARTICLE 23 FUNDING

### Section 1. **[62X.19] MINNESOTA HEALTH FUND.**

Subdivision 1. **General provisions.** (a) The Minnesota Health Fund, a revolving fund, is established under the jurisdiction and control of the Minnesota Health Board to implement the Minnesota Health Plan and to receive premiums and other sources of revenue. The fund shall be administered by a director appointed by the Minnesota Health Board.

(b) All money collected, received, and transferred according to this chapter shall be deposited in the Minnesota Health Fund.

(c) Money deposited in the Minnesota Health Fund shall be used exclusively to finance the Minnesota Health Plan.

(d) All claims for health care services rendered shall be made to the Minnesota Health Fund.

(e) All payments made for health care services shall be disbursed from the Minnesota Health Fund.

(f) Premiums and other revenues collected each year must be sufficient to cover that year's projected costs.

Subd. 2. **Accounts.** The Minnesota Health Fund shall have operating, capital, and reserve accounts.

Subd. 3. **Operating account.** The operating account in the Minnesota Health Fund shall be comprised of the accounts specified in paragraphs (a) to (e).

(a) **Medical services account.** The medical services account must be used to provide for all medical services and benefits covered under the Minnesota Health Plan.

(b) **Prevention account.** The prevention account must be used to establish and maintain primary community prevention programs, including preventive screening tests.

(c) **Program administration, evaluation, planning, and assessment account.** The program administration, evaluation, planning, and assessment account must be used to monitor and improve the plan's effectiveness and operations. The board may establish grant programs including demonstration projects for this purpose.

(d) **Training and development account.** The training and development account must be used to incentivize the training and development of health care providers and the health care workforce needed to meet the health care needs of the population.

(e) **Health service research account.** The health service research account must be used to support research and innovation as determined by the Minnesota Health Board, and recommended by the Office of Health Quality and Planning and the Ombudsman for Patient Advocacy.

Subd. 4. **Capital account.** The capital account must be used to pay for capital expenditures for institutional providers.

Subd. 5. **Reserve account.** (a) The Minnesota Health Plan must at all times hold in reserve an amount estimated in the aggregate to provide for the payment of all losses and claims for which the Minnesota Health Plan may be liable and to provide for the expense of adjustment or settlement of losses and claims.

(b) Money currently held in reserve by state, city, and county health programs must be transferred to the Minnesota Health Fund when the Minnesota Health Plan replaces those programs.

(c) The board shall have provisions in place to insure the Minnesota Health Plan against unforeseen expenditures or revenue shortfalls not covered by the reserve account. The board may borrow money to cover temporary shortfalls.

Subd. 6. **Assets of the Minnesota Health Plan; functions of the commissioner of Minnesota Management and Budget.** All money received by the Minnesota Health Fund shall be paid to the commissioner of Minnesota Management and Budget as agent of the board who shall not commingle these funds with any other money. The money in these accounts shall be paid out on warrants drawn by the commissioner on requisition by the board.

Subd. 7. **Management.** The Minnesota Health Fund shall be separate from the state treasury. Management of the fund shall be conducted by the Minnesota Health Board, which has exclusive authority over the fund.

Sec. 2. **[62X.20] REVENUE SOURCES.**

Subdivision 1. **Minnesota Health Plan premium.** (a) The Minnesota Health Board shall:

(1) determine the aggregate cost of providing health care according to this chapter;

(2) develop an equitable and affordable premium structure based on income, including unearned income, and a business health tax;

(3) in consultation with the Department of Revenue, develop an efficient means of collecting premiums and the business health tax; and

(4) coordinate with existing, ongoing funding sources from federal and state programs.

(b) The premium structure must be based on ability to pay.

(c) On or before January 15, 2017, the board shall submit to the governor and the legislature a report on the premium and business health tax structure established to finance the Minnesota Health Plan.

Subd. 2. **Federal receipts.** All federal funding received by Minnesota including the premium subsidies under the Affordable Care Act, Public Law 111-148, as amended by Public Law 111-152, is appropriated to the Minnesota Health Plan Board to be used to administer the Minnesota Health Plan under chapter 62X. Federal funding that is received for implementing and administering the Minnesota Health Plan must be used to provide health care for Minnesota residents.

Subd. 3. **Funds from outside sources.** Institutional providers operating under Minnesota Health Plan operating budgets may raise and expend funds from sources other than the Minnesota Health Plan including private or foundation donors. Contributions to providers in excess of \$500,000 must be reported to the board.

Subd. 4. **Governmental payments.** The chief executive officer and, if required under federal law, the commissioners of health, human services, and commerce shall seek all necessary waivers, exemptions, agreements, or legislation so that all current federal payments to the state, including the premium tax credits under the Affordable Care Act, are paid directly to the Minnesota Health Plan. When any required waivers, exemptions, agreements, or legislation are obtained, the Minnesota Health Plan shall assume responsibility for all health care benefits and health care services previously paid for with federal funds. In obtaining the waivers, exemptions, agreements, or legislation, the chief executive officer and, if required, commissioners shall seek from the federal government a contribution for health care services in Minnesota that reflects: medical inflation, the state gross domestic product, the size and age of the population, the number of residents living below the poverty level, and the number of Medicare and VA eligible individuals, and that does not decrease in relation to the federal contribution to other states as a result of the waivers, exemptions, agreements, or savings from implementation of the Minnesota Health Plan.

Subd. 5. **Federal preemption.** (a) The board shall secure a repeal or a waiver of any provision of federal law that preempts any provision of this chapter. The commissioners of health, human services, and commerce shall provide all necessary assistance.

(b) In the section 1332 waiver application, the board shall request to waive any of the following provisions of the Patient Protection and Affordable Care Act, to the extent necessary to implement this act:



(1) United States Code, title 42, sections 18021 to 18024;

(2) United States Code, title 42, sections 18031 to 18033;

(3) United States Code, title 42, section 18071; and

(4) sections 36B and 5000A of the Internal Revenue Code of 1986, as amended.

(c) In the event that a repeal or a waiver of law or regulations cannot be secured, the board shall adopt rules, or seek conforming state legislation, consistent with federal law, in an effort to best fulfill the purposes of this chapter.

(d) The Minnesota Health Plan's responsibility for providing care shall be secondary to existing federal government programs for health care services to the extent that funding for these programs is not transferred to the Minnesota Health Fund or that the transfer is delayed beyond the date on which initial benefits are provided under the Minnesota Health Plan.

Subd. 6. **No cost-sharing.** No deductible, co-payment, coinsurance, or other cost-sharing shall be imposed with respect to covered benefits.

Sec. 3. **[62X.21] SUBROGATION.**

Subdivision 1. **Collateral source.** (a) When other payers for health care have been terminated, health care costs shall be collected from collateral sources whenever medical services provided to an individual are, or may be, covered services under a policy of insurance, or other collateral source available to that individual, or when the individual has a right of action for compensation permitted under law.

(b) As used in this section, collateral source includes:

(1) health insurance policies and the medical components of automobile, homeowners, and other forms of insurance;

(2) medical components of worker's compensation;

(3) pension plans;

(4) employer plans;

(5) employee benefit contracts;

(6) government benefit programs;

(7) a judgment for damages for personal injury;

(8) the state of last domicile for individuals moving to Minnesota for medical care who have extraordinary medical needs; and

(9) any third party who is or may be liable to an individual for health care services or costs.

(c) Collateral source does not include:

(1) a contract or plan that is subject to federal preemption; or

(2) any governmental unit, agency, or service, to the extent that subrogation is prohibited by law. An entity described in paragraph (b) is not excluded from the obligations imposed by this section by virtue of a contract or relationship with a government unit, agency, or service.

(d) The board shall negotiate waivers, seek federal legislation, or make other arrangements to incorporate collateral sources into the Minnesota Health Plan.

Subd. 2. **Notification.** When an individual who receives health care services under the Minnesota Health Plan is entitled to coverage, reimbursement, indemnity, or other compensation from a collateral source, the individual shall notify the health care provider and provide information identifying the collateral source, the nature and extent of coverage or entitlement, and other relevant information. The health care provider shall forward this information to the board. The individual entitled to coverage, reimbursement, indemnity, or other compensation from a collateral source shall provide additional information as requested by the board.

Subd. 3. **Reimbursement.** (a) The Minnesota Health Plan shall seek reimbursement from the collateral source for services provided to the individual and may institute appropriate action, including legal proceedings, to recover the reimbursement. Upon demand, the collateral source shall pay to the Minnesota Health Fund the sums it would have paid or expended on behalf of the individual for the health care services provided by the Minnesota Health Plan.

(b) In addition to any other right to recovery provided in this section, the board shall have the same right to recover the reasonable value of health care benefits from a collateral source as provided to the commissioner of human services under section 256B.37.

(c) If a collateral source is exempt from subrogation or the obligation to reimburse the Minnesota Health Plan, the board may require that an individual who is entitled to medical services from the source first seek those services from that source before seeking those services from the Minnesota Health Plan.

(d) To the extent permitted by federal law, the board shall have the same right of subrogation over contractual retiree health care benefits provided by employers as other contracts, allowing the Minnesota Health Plan to recover the cost of health care services provided to individuals covered by the retiree benefits, unless arrangements are made to transfer the revenues of the health care benefits directly to the Minnesota Health Plan.

Subd. 4. **Defaults, underpayments, and late payments.** (a) Default, underpayment, or late payment of any tax or other obligation imposed by this chapter shall result in the remedies and penalties provided by law, except as provided in this section.

(b) Eligibility for health care benefits under section 62X.04 shall not be impaired by any default, underpayment, or late payment of any premium or other obligation imposed by this chapter.

#### ARTICLE 24 PAYMENTS

##### Section 1. **[62X.05] PROVIDER PAYMENTS.**

Subdivision 1. **General provisions.** (a) All health care providers licensed to practice in Minnesota may participate in the Minnesota Health Plan and other providers as determined by the board.

(b) A participating health care provider shall comply with all federal laws and regulations governing referral fees and fee splitting including, but not limited to, United States Code, title 42, sections 1320a-7b and 1395nn, whether reimbursed by federal funds or not.

(c) A fee schedule or financial incentive may not adversely affect the care a patient receives or the care a health provider recommends.

**Subd. 2. Payments to noninstitutional providers.** (a) The Minnesota Health Board shall establish and oversee a fair and efficient payment system for noninstitutional providers.

(b) The board shall pay noninstitutional providers based on rates negotiated with providers. Rates shall take into account the need to address provider shortages.

(c) The board shall establish payment criteria and methods of payment for care coordination for patients especially those with chronic illness and complex medical needs.

(d) Providers who accept any payment from the Minnesota Health Plan for a covered health care service shall not bill the patient for the covered health care service.

(e) Providers shall be paid within 30 business days for claims filed following procedures established by the board.

**Subd. 3. Payments to institutional providers.** (a) The board shall set annual budgets for institutional providers. These budgets shall consist of an operating and a capital budget. An institution's annual budget shall be set to cover its anticipated health care services for the next year based on past performance and projected changes in prices and health care service levels. The annual budget for each individual institutional provider must be set separately. The board shall not set a joint budget for a group of more than one institutional provider nor for a parent corporation that owns or operates one or more institutional provider.

(b) Providers who accept any payment from the Minnesota Health Plan for a covered health care service shall not bill the patient for the covered health care service.

**Subd. 4. Capital management plan.** (a) The board shall periodically develop a capital investment plan that will serve as a guide in determining the annual budgets of institutional providers and in deciding whether to approve applications for approval of capital expenditures by noninstitutional providers.

(b) Providers who propose to make capital purchases in excess of \$500,000 must obtain board approval. The board may alter the threshold expenditure level that triggers the requirement to submit information on capital expenditures. Institutional providers shall propose these expenditures and submit the required information as part of the annual budget they submit to the board. Noninstitutional providers shall submit applications for approval of these expenditures to the board. The board must respond to capital expenditure applications in a timely manner.

## ARTICLE 25 GOVERNANCE

Section 1. Minnesota Statutes 2018, section 14.03, subdivision 2, is amended to read:

Subd. 2. **Contested case procedures.** The contested case procedures of the Administrative Procedure Act provided in sections 14.57 to 14.69 do not apply to (a) proceedings under chapter 414, except as specified in that chapter, (b) the commissioner of corrections, (c) the unemployment insurance program and the Social Security disability determination program in the Department of Employment and Economic Development, (d) the commissioner of mediation services, (e) the Workers' Compensation Division in the Department of Labor and Industry, (f) the Workers' Compensation Court of Appeals, ~~or~~ (g) the Board of Pardons, or (h) the Minnesota Health Plan.

Sec. 2. Minnesota Statutes 2018, section 15A.0815, subdivision 2, is amended to read:

Subd. 2. **Group I salary limits.** The salary for a position listed in this subdivision shall not exceed 133 percent of the salary of the governor. This limit must be adjusted annually on January 1. The new limit must equal the limit for the prior year increased by the percentage increase, if any, in the Consumer Price Index for all urban consumers from October of the second prior year to October of the immediately prior year. The commissioner of management and budget must publish the limit on the department's website. This subdivision applies to the following positions:

Commissioner of administration;

Commissioner of agriculture;

Commissioner of education;

Commissioner of commerce;

Commissioner of corrections;

Commissioner of health;

Chief executive officer of the Minnesota Health Plan;

Commissioner, Minnesota Office of Higher Education;

Commissioner, Housing Finance Agency;

Commissioner of human rights;

Commissioner of human services;

Commissioner of labor and industry;

Commissioner of management and budget;

Commissioner of natural resources;

Commissioner, Pollution Control Agency;

Commissioner of public safety;

Commissioner of revenue;

Commissioner of employment and economic development;

Commissioner of transportation; and

Commissioner of veterans affairs.

Sec. 3. **[62X.06] MINNESOTA HEALTH BOARD.**

Subdivision 1. **Establishment.** The Minnesota Health Board is established to promote the delivery of high quality, coordinated health care services that enhance health; prevent illness, disease, and disability; slow the progression of chronic diseases; and improve personal health management. The board shall administer the Minnesota Health Plan. The board shall oversee:

(1) the Office of Health Quality and Planning under section 62X.09; and

(2) the Minnesota Health Fund under section 62X.19.

Subd. 2. **Board composition.** (a) The board shall consist of 15 members, including a representative selected by each of the five rural regional health planning boards under section 62X.08 and three representatives selected by the metropolitan regional health planning board under section 62X.08. These members shall appoint the following additional members to serve on the board:

(1) one patient member and one employer member; and

(2) five providers that include one physician, one registered nurse, one mental health provider, one dentist, and one facility director.

(b) Each member shall qualify by taking the oath of office to uphold the Minnesota and United States Constitution and to operate the Minnesota Health Plan in the public interest by upholding the underlying principles of this chapter.

Subd. 3. **Term and compensation; selection of chair.** Board members shall serve four years. Board members shall set the board's compensation not to exceed the compensation of Public Utilities Commission members. The board shall select the chair from its membership.

Subd. 4. **Removal of board member.** A board member may be removed by a two-thirds vote of the members voting on removal. After receiving notice and hearing, a member may be removed for malfeasance or nonfeasance in performance of the member's duties. Conviction of any criminal behavior regardless of how much time has lapsed is grounds for immediate removal.

Subd. 5. **General duties.** The board shall:

(1) ensure that all of the requirements of section 62X.01 are met;

(2) hire a chief executive officer for the Minnesota Health Plan who shall be qualified after taking the oath of office specified in subdivision 2 and who shall administer all aspects of the plan as directed by the board;

(3) hire a director for the Office of Health Quality and Planning who shall be qualified after taking the oath of office specified in subdivision 2;

(4) hire a director of the Minnesota Health Fund who shall be qualified after taking the oath of office specified in subdivision 2;

(5) provide technical assistance to the regional boards established under section 62X.08;

(6) conduct necessary investigations and inquiries and require the submission of information, documents, and records the board considers necessary to carry out the purposes of this chapter;

(7) establish a process for the board to receive the concerns, opinions, ideas, and recommendations of the public regarding all aspects of the Minnesota Health Plan and the means of addressing those concerns;

(8) conduct other activities the board considers necessary to carry out the purposes of this chapter;

(9) collaborate with the agencies that license health facilities to ensure that facility performance is monitored and that deficient practices are recognized and corrected in a timely manner;

(10) adopt rules, policies, and procedures as necessary to carry out the duties assigned under this chapter;

(11) establish conflict of interest standards that prohibit providers from receiving any financial benefit from their medical decisions outside of board reimbursement, including any financial benefit for referring a patient for any service, product, or provider, or for prescribing, ordering, or recommending any drug, product, or service;

(12) establish conflict of interest standards related to pharmaceuticals, medical supplies and devices and their marketing to providers so that no provider receives any incentive to prescribe, administer, or use any product or service;

(13) require all electronic health records used by providers be fully interoperable with the open source electronic health records system used by the United States Veterans Administration;

(14) provide financial help and assistance in retraining and job placement to Minnesota workers who may be displaced because of the administrative efficiencies of the Minnesota Health Plan;

(15) ensure that assistance is provided to all workers and communities who may be affected by provisions in this chapter; and

(16) work with the Department of Employment and Economic Development (DEED) to ensure that funding and program services are promptly and efficiently distributed to all affected workers. DEED shall monitor and report on a regular basis on the status of displaced workers.

There is currently a serious shortage of providers in many health care professions, from medical technologists to registered nurses, and many potentially displaced health administrative workers already have training in some medical field. To alleviate these shortages, the dislocated worker support program should emphasize retraining and placement into health care related positions if appropriate. As Minnesota residents, all displaced workers shall be covered under the Minnesota Health Plan.

Subd. 6. **Waiver request duties.** Before submitting a waiver application under section 1332 of the Patient Protection and Affordable Care Act, Public Law Number 111-148, as amended, the board shall do the following, as required by federal law:

(1) conduct or contract for any necessary actuarial analyses and actuarial certifications needed to support the board's estimates that the waiver will comply with the comprehensive coverage, affordability, and scope of coverage requirements in federal law;

(2) conduct or contract for any necessary economic analyses needed to support the board's estimates that the waiver will comply with the comprehensive coverage, affordability, scope of coverage, and federal deficit requirements in federal law. These analyses must include:

(i) a detailed ten-year budget plan; and

(ii) a detailed analysis regarding the estimated impact of the waiver on health insurance coverage in the state;

(3) establish a detailed draft implementation timeline for the waiver plan; and

(4) establish quarterly, annual, and cumulative targets for the comprehensive coverage, affordability, scope of coverage, and federal deficit requirements in federal law.

**Subd. 7. Financial duties.** The board shall:

(1) establish and collect premiums and the business health tax according to section 62X.20, subdivision 1;

(2) approve statewide and regional budgets that include budgets for the accounts in section 62X.19;

(3) negotiate and establish payment rates for providers;

(4) monitor compliance with all budgets and payment rates and take action to achieve compliance to the extent authorized by law;

(5) pay claims for medical products or services as negotiated, and may issue requests for proposals from Minnesota nonprofit business corporations for a contract to process claims;

(6) seek federal approval to bill other states for health care coverage provided to residents from out-of-state who come to Minnesota for long-term care or other costly treatment when the resident's home state fails to provide such coverage, unless a reciprocal agreement with those states to provide similar coverage to Minnesota residents relocating to those states can be negotiated;

(7) administer the Minnesota Health Fund created under section 62X.19;

(8) annually determine the appropriate level for the Minnesota Health Plan reserve account and implement policies needed to establish the appropriate reserve;

(9) implement fraud prevention measures necessary to protect the operation of the Minnesota Health Plan; and

(10) work to ensure appropriate cost control by:

(i) instituting aggressive public health measures, early intervention and preventive care, health and wellness education, and promotion of personal health improvement;

(ii) making changes in the delivery of health care services and administration that improve efficiency and care quality;

(iii) minimizing administrative costs;

(iv) ensuring that the delivery system does not contain excess capacity; and

(v) negotiating the lowest possible prices for prescription drugs, medical equipment, and medical services.

If the board determines that there will be a revenue shortfall despite the cost control measures mentioned in clause (10), the board shall implement measures to correct the shortfall, including an increase in premiums and other revenues. The board shall report to the legislature on the causes of the shortfall, reasons for the inadequacy of cost controls, and measures taken to correct the shortfall.

**Subd. 8. Minnesota Health Board management duties.** The board shall:

(1) develop and implement enrollment procedures for the Minnesota Health Plan;

(2) implement eligibility standards for the Minnesota Health Plan;

(3) arrange for health care to be provided at convenient locations, including ensuring the availability of school nurses so that all students have access to health care, immunizations, and preventive care at public schools and encouraging providers to open small health clinics at larger workplaces and retail centers;

(4) make recommendations, when needed, to the legislature about changes in the geographic boundaries of the health planning regions;

(5) establish an electronic claims and payments system for the Minnesota Health Plan;

(6) monitor the operation of the Minnesota Health Plan through consumer surveys and regular data collection and evaluation activities, including evaluations of the adequacy and quality of services furnished under the program, the need for changes in the benefit package, the cost of each type of service, and the effectiveness of cost control measures under the program;

(7) disseminate information and establish a health care website to provide information to the public about the Minnesota Health Plan including providers and facilities, and state and regional health planning board meetings and activities;

(8) collaborate with public health agencies, schools, and community clinics;

(9) ensure that Minnesota Health Plan policies and providers, including public health providers, support all Minnesota residents in achieving and maintaining maximum physical and mental health; and

(10) annually report to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over health care issues on the performance of the Minnesota Health Plan, fiscal condition and need for payment adjustments, any needed changes in geographic boundaries of the health planning regions, recommendations for statutory changes, receipt of revenue from all sources, whether current year goals and priorities are met, future goals and priorities, major new technology or prescription drugs, and other circumstances that may affect the cost or quality of health care.

Subd. 9. **Policy duties.** The board shall:

(1) develop and implement cost control and quality assurance procedures;

(2) ensure strong public health services including education and community prevention and clinical services;

(3) ensure a continuum of coordinated high-quality primary to tertiary care to all Minnesota residents; and

(4) implement policies to ensure that all Minnesota residents receive culturally and linguistically competent care.

Subd. 10. **Self-insurance.** The board shall determine the feasibility of self-insuring providers for malpractice and shall establish a self-insurance system and create a special fund for payment of losses incurred if the board determines self-insuring providers would reduce costs.

Sec. 4. **[62X.07] HEALTH PLANNING REGIONS.**

A metropolitan health planning region consisting of the seven-county metropolitan area is established. By October 1, 2018, the commissioner of health shall designate five rural health planning regions from the greater Minnesota area composed of geographically contiguous counties grouped on the basis of the following considerations:



- (1) patterns of utilization of health care services;
- (2) health care resources, including workforce resources;
- (3) health needs of the population, including public health needs;
- (4) geography;
- (5) population and demographic characteristics; and
- (6) other considerations as appropriate.

The commissioner of health shall designate the health planning regions.

Sec. 5. **[62X.08] REGIONAL HEALTH PLANNING BOARD.**

Subdivision 1. **Regional planning board composition.** (a) Each regional board shall consist of one county commissioner per county selected by the county board and two county commissioners per county selected by the county board in the seven-county metropolitan area. A county commissioner may designate a representative to act as a member of the board in the member's absence. Each board shall select the chair from among its membership.

(b) Board members shall serve for four-year terms and may receive per diems for meetings as provided in section 15.059, subdivision 3.

Subd. 2. **Regional health board duties.** Regional health planning boards shall:

- (1) recommend health standards, goals, priorities, and guidelines for the region;
- (2) prepare an operating and capital budget for the region to recommend to the Minnesota Health Board;
- (3) collaborate with local public health care agencies to educate consumers and providers on public health programs, goals, and the means of reaching those goals;
- (4) hire a regional health planning director;
- (5) collaborate with public health care agencies to implement public health and wellness initiatives; and
- (6) ensure that all parts of the region have access to a 24-hour nurse hotline and 24-hour urgent care clinics.

Sec. 6. **[62X.09] OFFICE OF HEALTH QUALITY AND PLANNING.**

Subdivision 1. **Establishment.** The Minnesota Health Board shall establish an Office of Health Quality and Planning to assess the quality, access, and funding adequacy of the Minnesota Health Plan.

Subd. 2. **General duties.** (a) The Office of Health Quality and Planning shall make annual recommendations to the board on the overall direction on subjects including:

- (1) the overall effectiveness of the Minnesota Health Plan in addressing public health and wellness;
- (2) access to health care;

(3) quality improvement;

(4) efficiency of administration;

(5) adequacy of budget and funding;

(6) appropriateness of payments for providers;

(7) capital expenditure needs;

(8) long-term health care;

(9) mental health and substance abuse services;

(10) staffing levels and working conditions in health care facilities;

(11) identification of number and mix of health care facilities and providers required to best meet the needs of the Minnesota Health Plan;

(12) care for chronically ill patients;

(13) educating providers on promoting the use of advance directives with patients to enable patients to obtain the health care of their choice;

(14) research needs; and

(15) integration of disease management programs into health care delivery.

(b) Analyze shortages in health care workforce required to meet the needs of the population and develop plans to meet those needs in collaboration with regional planners and educational institutions.

(c) Analyze methods of paying providers and make recommendations to improve quality and control costs.

(d) Assist in coordination of the Minnesota Health Plan and public health programs.

**Subd. 3. Assessment and evaluation of benefits.** (a) The Office of Health Quality and Planning shall:

(1) consider health care benefit additions to the Minnesota Health Plan and evaluate them based on evidence of clinical efficacy;

(2) establish a process and criteria by which providers may request authorization to provide health care services and treatments that are not included in the Minnesota Health Plan benefit set, including experimental health care treatments;

(3) evaluate proposals to increase the efficiency and effectiveness of the health care delivery system, and make recommendations to the board based on the cost-effectiveness of the proposals; and

(4) identify complementary and alternative health care modalities that have been shown to be safe and effective.

(b) The board may convene advisory panels as needed.

Sec. 7. **[62X.10] ETHICS AND CONFLICT OF INTEREST.**

(a) All provisions of section 43A.38 apply to employees and the chief executive officer of the Minnesota Health Plan, the members and directors of the Minnesota Health Board, the regional health boards, the director of the Office of Health Quality and Planning, the director of the Minnesota Health Fund, and the ombudsman for patient advocacy. Failure to comply with section 43A.38 shall be grounds for disciplinary action which may include termination of employment or removal from the board.

(b) In order to avoid the appearance of political bias or impropriety, the Minnesota Health Plan chief executive officer shall not:

(1) engage in leadership of, or employment by, a political party or a political organization;

(2) publicly endorse a political candidate;

(3) contribute to any political candidates or political parties and political organizations; or

(4) attempt to avoid compliance with this subdivision by making contributions through a spouse or other family member.

(c) In order to avoid a conflict of interest, individuals specified in paragraph (a) shall not be currently employed by a medical provider or a pharmaceutical, medical insurance, or medical supply company. This paragraph does not apply to the five provider members of the board.

Sec. 8. **[62X.11] CONFLICT OF INTEREST COMMITTEE.**

(a) The board shall establish a conflict of interest committee to develop standards of practice for individuals or entities doing business with the Minnesota Health Plan, including but not limited to, board members, providers, and medical suppliers. The committee shall establish guidelines on the duty to disclose the existence of a financial interest and all material facts related to that financial interest to the committee.

(b) In considering the transaction or arrangement, if the committee determines a conflict of interest exists, the committee shall investigate alternatives to the proposed transaction or arrangement. After exercising due diligence, the committee shall determine whether the Minnesota Health Plan can obtain with reasonable efforts a more advantageous transaction or arrangement with a person or entity that would not give rise to a conflict of interest. If this is not reasonably possible under the circumstances, the committee shall make a recommendation to the board on whether the transaction or arrangement is in the best interest of the Minnesota Health Plan, and whether the transaction is fair and reasonable. The committee shall provide the board with all material information used to make the recommendation. After reviewing all relevant information, the board shall decide whether to approve the transaction or arrangement.

Sec. 9. **[62X.12] OMBUDSMAN OFFICE FOR PATIENT ADVOCACY.**

Subdivision 1. **Creation of office.** (a) The Ombudsman Office for Patient Advocacy is created to represent the interests of the consumers of health care. The ombudsman shall help residents of the state secure the health care services and health care benefits they are entitled to under the laws administered by the Minnesota Health Board and advocate on behalf of and represent the interests of enrollees in entities created by this chapter and in other forums.

(b) The ombudsman shall be a patient advocate appointed by the governor, who serves in the unclassified service and may be removed only for just cause. The ombudsman must be selected without regard to political affiliation and must be knowledgeable about and have experience in health care services and administration.

(c) The ombudsman may gather information about decisions, acts, and other matters of the Minnesota Health Board, health care organization, or a health care program. A person may not serve as ombudsman while holding another public office.

(d) The budget for the ombudsman's office shall be determined by the legislature and is independent from the Minnesota Health Board. The ombudsman shall establish offices to provide convenient access to residents.

(e) The Minnesota Health Board has no oversight or authority over the ombudsman for patient advocacy.

Subd. 2. **Ombudsman's duties.** The ombudsman shall:

(1) ensure that patient advocacy services are available to all Minnesota residents;

(2) establish and maintain the grievance process according to section 62X.13;

(3) receive, evaluate, and respond to consumer complaints about the Minnesota Health Plan;

(4) establish a process to receive recommendations from the public about ways to improve the Minnesota Health Plan;

(5) develop educational and informational guides according to communication services under section 15.441, describing consumer rights and responsibilities;

(6) ensure the guides in clause (5) are widely available to consumers and specifically available in provider offices and health care facilities; and

(7) prepare an annual report about the consumer perspective on the performance of the Minnesota Health Plan, including recommendations for needed improvements.

**Sec. 10. [62X.13] GRIEVANCE SYSTEM.**

Subdivision 1. **Grievance system established.** The ombudsman shall establish a grievance system for complaints. The system shall provide a process that ensures adequate consideration of Minnesota Health Plan enrollee grievances and appropriate remedies.

Subd. 2. **Referral of grievances.** The ombudsman may refer any grievance that does not pertain to compliance with this chapter to the federal Centers for Medicare and Medicaid Services or any other appropriate local, state, and federal government entity for investigation and resolution.

Subd. 3. **Submittal by designated agents and providers.** A provider may join with, or otherwise assist, a complainant to submit the grievance to the ombudsman. A provider or an employee of a provider who, in good faith, joins with or assists a complainant in submitting a grievance is subject to the protections and remedies under sections 181.931 to 181.935.

Subd. 4. **Review of documents.** The ombudsman may require additional information from health care providers or the board.

Subd. 5. **Written notice of disposition.** The ombudsman shall send a written notice of the final disposition of the grievance, and the reasons for the decision, to the complainant, to any provider who is assisting the complainant, and to the board, within 30 calendar days of receipt of the request for review unless the ombudsman determines that additional time is reasonably necessary to fully and fairly evaluate the relevant grievance. The ombudsman's order of corrective action shall be binding on the Minnesota Health Plan. A decision of the ombudsman is subject to de novo review by the district court.

Subd. 6. **Data.** Data on enrollees collected because an enrollee submits a complaint to the ombudsman are private data on individuals as defined in section 13.02, subdivision 12, but may be released to a provider who is the subject of the complaint or to the board for purposes of this section.

Sec. 11. **[62X.14] AUDITOR GENERAL FOR THE MINNESOTA HEALTH PLAN.**

Subdivision 1. **Establishment.** There is within the Office of the Legislative Auditor an auditor general for health care fraud and abuse for the Minnesota Health Plan who is appointed by the legislative auditor.

Subd. 2. **Duties.** The auditor general shall:

(1) investigate, audit, and review the financial and business records of the Minnesota Health Plan and the Minnesota Health Fund;

(2) investigate, audit, and review the financial and business records of individuals, public and private agencies and institutions, and private corporations that provide services or products to the Minnesota Health Plan, the costs of which are reimbursed by the Minnesota Health Plan;

(3) investigate allegations of misconduct on the part of an employee or appointee of the Minnesota Health Board and on the part of any provider of health care services that is reimbursed by the Minnesota Health Plan, and report any findings of misconduct to the attorney general;

(4) investigate fraud and abuse;

(5) arrange for the collection and analysis of data needed to investigate the inappropriate utilization of these products and services; and

(6) annually report recommendations for improvements to the Minnesota Health Plan to the board.

Sec. 12. **[62X.15] MINNESOTA HEALTH PLAN POLICIES AND PROCEDURES; RULEMAKING.**

Subdivision 1. **Exempt rules.** The Minnesota Health Plan policies and procedures are exempt from the Administrative Procedure Act but, to the extent authorized by law to adopt rules, the board may use the provisions of section 14.386, paragraph (a), clauses (1) and (3). Section 14.386, paragraph (b), does not apply to these rules.

Subd. 2. **Rulemaking procedures.** (a) Whenever the board determines that a rule should be adopted under this section establishing, modifying, or revoking a policy or procedure, the board shall publish in the State Register the proposed policy or procedure and shall afford interested persons a period of 30 days after publication to submit written data or comments.

(b) On or before the last day of the period provided for the submission of written data or comments, any interested person may file with the board written objections to the proposed rule, stating the grounds for objection and requesting a public hearing on those objections. Within 30 days after the last day for filing objections, the board shall publish in the State Register a notice specifying the policy or procedure to which objections have been filed and a hearing requested and specifying a time and place for the hearing.

Subd. 3. **Rule adoption.** Within 60 days after the expiration of the period provided for the submission of written data or comments, or within 60 days after the completion of any hearing, the board shall issue a rule adopting, modifying, or revoking a policy or procedure, or make a determination that a rule should not be adopted. The rule may contain a provision delaying its effective date for such period as the board determines is necessary.

Sec. 13. **[62X.151] EXEMPTION FROM RULEMAKING.**

The board and its operation of the Minnesota Health Plan and the Minnesota Health Fund is exempt from rulemaking under chapter 14.

Sec. 14. Minnesota Statutes 2018, section 14.03, subdivision 3, is amended to read:

Subd. 3. **Rulemaking procedures.** (a) The definition of a rule in section 14.02, subdivision 4, does not include:

(1) rules concerning only the internal management of the agency or other agencies that do not directly affect the rights of or procedures available to the public;

(2) an application deadline on a form; and the remainder of a form and instructions for use of the form to the extent that they do not impose substantive requirements other than requirements contained in statute or rule;

(3) the curriculum adopted by an agency to implement a statute or rule permitting or mandating minimum educational requirements for persons regulated by an agency, provided the topic areas to be covered by the minimum educational requirements are specified in statute or rule;

(4) procedures for sharing data among government agencies, provided these procedures are consistent with chapter 13 and other law governing data practices.

(b) The definition of a rule in section 14.02, subdivision 4, does not include:

(1) rules of the commissioner of corrections relating to the release, placement, term, and supervision of inmates serving a supervised release or conditional release term, the internal management of institutions under the commissioner's control, and rules adopted under section 609.105 governing the inmates of those institutions;

(2) rules relating to weight limitations on the use of highways when the substance of the rules is indicated to the public by means of signs;

(3) opinions of the attorney general;

(4) the data element dictionary and the annual data acquisition calendar of the Department of Education to the extent provided by section 125B.07;

(5) the occupational safety and health standards provided in section 182.655;

(6) revenue notices and tax information bulletins of the commissioner of revenue;

(7) uniform conveyancing forms adopted by the commissioner of commerce under section 507.09;

(8) standards adopted by the Electronic Real Estate Recording Commission established under section 507.0945; ~~or~~

(9) the interpretive guidelines developed by the commissioner of human services to the extent provided in chapter 245A-; or

(10) rules, policies, and procedures adopted by the Minnesota Health Board under chapter 62X.

ARTICLE 26  
IMPLEMENTATION

Section 1. **APPROPRIATION.**

\$1,938,000 in fiscal year 2020 and \$5,850,000 in fiscal year 2021 are appropriated from the health care access fund to the Minnesota Health Fund under the Minnesota Health Plan to provide start-up funding for the provisions of chapter 62X.

Sec. 2. **EFFECTIVE DATE AND TRANSITION.**

Subdivision 1. **Effective date.** This act is effective the day following final enactment. The commissioner of management and budget and the chief executive officer of the Minnesota Health Plan shall regularly update the legislature on the status of planning, implementation, and financing of this act.

Subd. 2. **Timing to implement.** The Minnesota Health Plan must be operational within two years from the date of final enactment of this act.

Subd. 3. **Prohibition.** On and after the day the Minnesota Health Plan becomes operational, a health plan, as defined in Minnesota Statutes, section 62Q.01, subdivision 3, may not be sold in Minnesota for services provided by the Minnesota Health Plan.

Subd. 4. **Transition.** (a) The commissioners of health, human services, and commerce shall prepare an analysis of the state's capital expenditure needs for the purpose of assisting the board in adopting the statewide capital budget for the year following implementation. The commissioners shall submit this analysis to the board.

(b) The following timelines shall be implemented:

(1) the commissioner of health shall designate the health planning regions utilizing the criteria specified in Minnesota Statutes, section 62X.07, 30 days after the date of enactment of this act;

(2) the regional boards shall be established three months after the date of enactment of this act; and

(3) the Minnesota Health Board shall be established five months after the date of enactment of this act; and

(4) the commissioner of health, or the commissioner's designee, shall convene the first meeting of each of the regional boards and the Minnesota Health Board within 30 days after each of the boards has been established.

Subd. 5. **Report.** Within one year of the effective date of chapter 62X, DEED shall provide to the Minnesota Health Board, the governor, and the chairs and ranking members of the legislative committees with jurisdiction over health, human services, and commerce a report spelling out the appropriations and legislation necessary to assist all affected individuals and communities through the transition."

Page 1014, line 25, delete "(a) **Generally.**"

Page 1014, delete lines 27 to 33

Adjust amounts accordingly

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Gruenhagen amendment and the roll was called. There were 3 yeas and 124 nays as follows:

Those who voted in the affirmative were:

Hausman                      Mann                      Noor

Those who voted in the negative were:

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

The motion did not prevail and the amendment was not adopted.

Davids offered an amendment to H. F. No. 2414, the first engrossment, as amended.

#### POINT OF ORDER

Schultz raised a point of order pursuant to rule 4.03(h), relating to Ways and Means Committee; Budget Resolution; Effect on Expenditure and Revenue Bills, that the Davids amendment was not in order. Speaker pro tempore Olson ruled the point of order well taken and the Davids amendment out of order.

Davids moved to amend H. F. No. 2414, the first engrossment, as amended, as follows:

Page 578, line 24, delete "PAYMENT TO HEALTH CARRIERS ON BEHALF OF ELIGIBLE" and insert "ONE MINNESOTA WRITING CHECKS TO INSURANCE COMPANIES PROGRAM."

Page 578, delete line 25

Page 578, line 27, delete "premium subsidy" and insert "One Minnesota Writing Checks to Insurance Companies"



Page 1042, line 11, delete "Premium Subsidy" and insert "One Minnesota Writing Checks to Insurance Companies"

Page 1042, line 13, delete "premium subsidy" and insert "One Minnesota Writing Checks to Insurance Companies"

A roll call was requested and properly seconded.

The question was taken on the Davids amendment and the roll was called. There were 47 yeas and 77 nays as follows:

Those who voted in the affirmative were:

Albright	Dettmer	Haley	Layman	Nornes	Runbeck
Anderson	Erickson	Heinrich	Lucero	O'Driscoll	Schomacker
Baker	Fabian	Heintzeman	Lueck	O'Neill	Theis
Bennett	Garofalo	Johnson	McDonald	Petersburg	Torkelson
Boe	Green	Jurgens	Mekeland	Pierson	Urdahl
Daniels	Grossell	Kiel	Miller	Poston	Vogel
Daudt	Gruenhagen	Koznick	Nash	Quam	Zerwas
Davids	Gunther	Kresha	Nelson, N.	Robbins	

Those who voted in the negative were:

Acomb	Dehn	Hornstein	Lislegard	Nelson, M.	Stephenson
Bahner	Drazkowski	Howard	Loeffler	Noor	Sundin
Becker-Finn	Ecklund	Huot	Long	Olson	Tabke
Bernardy	Edelson	Klevorn	Mahoney	Pelowski	Vang
Bierman	Elkins	Koegel	Mann	Persell	Wagenius
Brand	Fischer	Kotyza-Witthuhn	Mariani	Pinto	Wazlawik
Cantrell	Freiberg	Kunesh-Podein	Marquart	Poppe	Winkler
Carlson, A.	Gomez	Lee	Masin	Pryor	Wolgamott
Carlson, L.	Halverson	Lesch	Moller	Richardson	Xiong, J.
Christensen	Hansen	Liebling	Moran	Sandell	Xiong, T.
Clafin	Hassan	Lien	Morrison	Sandstede	Youakim
Considine	Hausman	Lillie	Munson	Sauke	Spk. Hortman
Davnie	Her	Lippert	Murphy	Schultz	

The motion did not prevail and the amendment was not adopted.

Koegel offered an amendment to H. F. No. 2414, the first engrossment, as amended.

#### POINT OF ORDER

Long raised a point of order pursuant to rule 4.03, relating to Ways and Means Committee; Budget Resolution; Effect on Expenditure and Revenue Bills, that the Koegel amendment was not in order. Speaker pro tempore Olson ruled the point of order well taken and the Koegel amendment out of order.

Petersburg moved to amend H. F. No. 2414, the first engrossment, as amended, as follows:

Page 298, after line 32, insert:

"Sec. 53. Minnesota Statutes 2018, section 256B.5012, is amended by adding a subdivision to read:

Subd. 18. **ICF/DD rate increase beginning July 1, 2019; Belle Plaine.** The commissioner shall increase the operating payment rate for an intermediate care facility for persons with developmental disabilities located in Belle Plaine, Minnesota, and classified as a class B facility, to \$310.08 per day.

Subd. 19. **ICF/DD rate increase beginning July 1, 2019; Little Canada.** The commissioner shall increase the daily rate for an intermediate care facility for persons with developmental disabilities located in Little Canada that is classified as a class B facility and licensed for six beds to \$375. The daily rate increase under this subdivision is in addition to any other increase in effect July 1, 2019.

Subd. 20. **ICF/DD rate increase effective July 1, 2019; Olmsted County.** The commissioner shall increase the daily rate for an intermediate care facility for persons with developmental disabilities located in Olmsted County that is classified as a class B facility and licensed for six beds to \$400. The daily rate increase under this subdivision is in addition to any other increase in effect July 1, 2019.

Subd. 21. **ICF/DD rate increase effective July 1, 2019; Steele County.** The daily rate for an intermediate care facility for persons with developmental disabilities located in Steele County that is classified as a class B facility and licensed for 16 beds is \$400. The increase under this subdivision is in addition to any other increase that is effective on July 1, 2019.

**EFFECTIVE DATE.** This section is effective July 1, 2019.

Sec. 54. Minnesota Statutes 2018, section 256B.5013, subdivision 1, is amended to read:

Subdivision 1. **Variable rate adjustments.** ~~(a) For rate years beginning on or after October 1, 2000, When there is a documented increase in the needs of a current ICF/DD recipient, the county of financial responsibility may recommend a variable rate to enable the facility to meet the individual's increased needs. Variable rate adjustments made under this subdivision replace payments for persons with special needs for crisis intervention services under section 256B.501, subdivision 8a. Effective July 1, 2003, facilities with a base rate above the 50th percentile of the statewide average reimbursement rate for a Class A facility or Class B facility, whichever matches the facility licensure, are not eligible for a variable rate adjustment. Variable rate adjustments may not exceed a 12-month period, except when approved for purposes established in paragraph (b), clause (1). Once approved, variable rate adjustments must continue to remain in place unless there is an identified change in need. A review of needed resources must be done at the time of the individual's annual support plan meeting. A request to adjust the resources of the individual must be submitted if any change in need is identified. Variable rate adjustments approved solely on the basis of changes on a developmental disabilities screening document will end June 30, 2002.~~

(b) The county of financial responsibility must act on a variable rate request within 30 days and notify the initiator of the request of the county's recommendation in writing.

~~(b)~~ (c) A variable rate may be recommended by the county of financial responsibility for increased needs in the following situations:

(1) a need for resources due to an individual's full or partial retirement from participation in a day training and habilitation service when the individual: (i) has reached the age of 65 or has a change in health condition that makes it difficult for the person to participate in day training and habilitation services over an extended period of time because it is medically contraindicated; and (ii) has expressed a desire for change through the developmental disability screening process under section 256B.092;

(2) a need for additional resources for intensive short-term programming which is necessary prior to an individual's discharge to a less restrictive, more integrated setting;

(3) a demonstrated medical need that significantly impacts the type or amount of services needed by the individual; ~~or~~

(4) a demonstrated behavioral or cognitive need that significantly impacts the type or amount of services needed by the individual; ~~or~~

~~(c) The county of financial responsibility must justify the purpose, the projected length of time, and the additional funding needed for the facility to meet the needs of the individual.~~

~~(d) The facility shall provide an annual report to the county case manager on the use of the variable rate funds and the status of the individual on whose behalf the funds were approved. The county case manager will forward the facility's report with a recommendation to the commissioner to approve or disapprove a continuation of the variable rate.~~

~~(e) Funds made available through the variable rate process that are not used by the facility to meet the needs of the individual for whom they were approved shall be returned to the state.~~

(5) a demonstrated increased need for staff assistance, changes in the type of staff credentials needed, or a need for expert consultation based on assessments conducted prior to the annual support plan meeting.

(d) Variable rate requests must include the following information:

(1) the service needs change;

(2) the variable rate requested and the difference from the current rate;

(3) a basis for the underlying costs used for the variable rate and any accompanying documentation; and

(4) documentation of the expected outcomes to be achieved and the frequency of progress monitoring associated with the rate increase.

Sec. 55. Minnesota Statutes 2018, section 256B.5013, subdivision 6, is amended to read:

Subd. 6. **Commissioner's responsibilities.** The commissioner shall:

(1) make a determination to approve, deny, or modify a request for a variable rate adjustment within 30 days of the receipt of the completed application;

(2) notify the ICF/DD facility and county case manager of the ~~duration and conditions of variable rate adjustment approvals~~ determination; and

(3) modify MMIS II service agreements to reimburse ICF/DD facilities for approved variable rates.

Sec. 56. Minnesota Statutes 2018, section 256B.5015, subdivision 2, is amended to read:

Subd. 2. **Services during the day.** (a) Services during the day, as defined in section 256B.501, but excluding day training and habilitation services, shall be paid as a pass-through payment ~~no later than January 1, 2004~~. The commissioner shall establish rates for these services, other than day training and habilitation services, at levels ~~that do not exceed 75~~ no less than 100 percent of a recipient's day training and habilitation service costs prior to the service change.

(b) An individual qualifies for no less than 100 percent of the rate paid to day training and habilitation services if:

(1) through consultation with the individual and their support team or interdisciplinary team, it has been determined that the individual's needs can best be met through partial or full retirement from:

(i) participation in a day training and habilitation service; or

(ii) the use of services during the day in the individual's home environment; and

(2) in consultation with the individual and their support team or interdisciplinary team, an individualized plan has been developed with designated outcomes that:

(i) addresses the support needs and desires contained in the person-centered plan or individual support plan; and

(ii) includes goals that focus on community integration as appropriate for the individual.

(c) When establishing a rate for these services, the commissioner shall also consider an individual recipient's needs as identified in the ~~individualized service~~ individual support plan and the person's need for active treatment as defined under federal regulations. The pass-through payments for services during the day shall be paid separately by the commissioner and shall not be included in the computation of the ICF/DD facility total payment rate."

Page 1007, line 10, delete "152,118,000" and insert "152,261,000" and delete "149,405,000" and insert "149,538,000"

Page 1013, line 5, delete "37,346,000" and insert "37,477,000" and delete "37,238,000" and insert "37,298,000"

Page 1015, line 2, delete "5,654,457,000" and insert "5,656,063,000" and delete "5,714,974,000" and insert "5,717,904,000"

Page 1028, line 29, delete "97,072,000" and insert "95,192,000" and delete "97,621,000" and insert "94,691,000"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Petersburg amendment and the roll was called. There were 54 yeas and 75 nays as follows:

Those who voted in the affirmative were:

Albright	Dettmer	Gunther	Kresha	Nelson, N.	Robbins
Anderson	Drazkowski	Haley	Layman	Neu	Runbeck
Baker	Erickson	Heinrich	Lucero	Nornes	Schomacker
Becker-Finn	Fabian	Heintzeman	Lueck	O'Driscoll	Scott
Bennett	Franson	Hertaus	McDonald	O'Neill	Theis
Boe	Garofalo	Johnson	Mekeland	Petersburg	Torkelson
Daniels	Green	Jurgens	Miller	Pierson	Urdahl
Daudt	Grossell	Kiel	Munson	Poston	Vogel
Davids	Gruenhagen	Koznick	Nash	Quam	Zerwas

Those who voted in the negative were:

Acomb	Dehn	Howard	Loeffler	Olson	Tabke
Bahner	Ecklund	Huot	Long	Pelowski	Vang
Bahr	Edelson	Klevorn	Mahoney	Persell	Wagenius
Bernardy	Elkins	Koegel	Mann	Pinto	Wazlawik
Bierman	Fischer	Kotyza-Witthuhn	Mariani	Poppe	Winkler
Brand	Freiberg	Kunesh-Podein	Marquart	Pryor	Wolgamott
Cantrell	Gomez	Lee	Masin	Richardson	Xiong, J.
Carlson, A.	Halverson	Lesch	Moller	Sandell	Xiong, T.
Carlson, L.	Hansen	Liebling	Moran	Sandstede	Youakim
Christensen	Hassan	Lien	Morrison	Sauke	Spk. Hortman
Clafin	Hausman	Lillie	Murphy	Schultz	
Considine	Her	Lippert	Nelson, M.	Stephenson	
Davnie	Hornstein	Lislegard	Noor	Sundin	

The motion did not prevail and the amendment was not adopted.

Urdahl moved to amend H. F. No. 2414, the first engrossment, as amended, as follows:

Page 788, after line 11, insert:

"Sec. 110. **TARGETED GRANT PROGRAM TO ADDRESS MENTAL HEALTH ISSUES IN FIREFIGHTERS.**

**Subdivision 1. Grant program established.** (a) The commissioner of health shall establish and administer a grant program to address mental health issues, especially post-traumatic stress disorder (PTSD), among firefighters and their families. Grant recipients shall use the grant funds to provide training for service dogs for firefighters suffering from PTSD, provide educational classes on PTSD and support services to spouses and families of firefighters suffering from PTSD, or provide mental health services or referrals to mental health services for firefighters suffering from PTSD. Priority in awarding the grants shall be given to community-based or nonprofit organizations that have experience in treating PTSD and in providing services in the particular area the grantee proposes to address.

(b) Of the appropriation for this grant program:

(1) \$150,000 is for grants targeting training of service dogs;

(2) \$100,000 is for grants targeting education and support for spouses and families; and

(3) \$150,000 is for grants targeting the delivery of mental health services, including treatment and appropriate referrals.

**Subd. 2. Application.** Entities seeking a grant under this section shall apply to the commissioner. The grant applicant must include a description of the activities the applicant is proposing, the amount of funding sought, and a proposed budget detailing how the grant funds will be spent.

**Subd. 3. Report.** Grant recipients shall provide the commissioner with a report on the activities funded under the grant program in a format and at a time specified by the commissioner."

Page 1002, line 29, delete "8,244,381,000" and insert "8,243,981,000"

Page 1003, line 3, delete "7,408,609,000" and insert "7,408,209,000"

Page 1028, line 29, delete "97,072,000" and insert "96,672,000"

Page 1029, line 16, delete "250,590,000" and insert "250,990,000"

Page 1029, line 19, delete "141,180,000" and insert "141,580,000"

Page 1029, line 29, delete "101,695,000" and insert "102,095,000"

Page 1034, after line 33, insert:

**"(q) Grant Program; Firefighter Mental Health Issues. \$400,000 in fiscal year 2020 is from the general fund for a targeted grant program to address mental health issues in firefighters."**

Page 1035, line 1, delete "(q)" and insert "(r)"

Adjust amounts accordingly

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Urdahl amendment and the roll was called. There were 53 yeas and 76 nays as follows:

Those who voted in the affirmative were:

Albright	Drazkowski	Haley	Layman	Neu	Runbeck
Anderson	Erickson	Heinrich	Lucero	Nornes	Schomacker
Baker	Fabian	Heintzeman	Lueck	O'Driscoll	Scott
Bennett	Franson	Hertaus	McDonald	O'Neill	Theis
Boe	Garofalo	Johnson	Mekeland	Petersburg	Torkelson
Daniels	Green	Jurgens	Miller	Pierson	Urdahl
Daudt	Grossell	Kiel	Munson	Poston	Vogel
Davids	Gruenhagen	Koznick	Nash	Quam	Zerwas
Dettmer	Gunther	Kresha	Nelson, N.	Robbins	

Those who voted in the negative were:

Acomb	Brand	Considine	Fischer	Hausman	Koegel
Bahner	Cantrell	Davnie	Freiberg	Her	Kotzya-Withuhn
Bahr	Carlson, A.	Dehn	Gomez	Hornstein	Kunesh-Podein
Becker-Finn	Carlson, L.	Ecklund	Halverson	Howard	Lee
Bernardy	Christensen	Edelson	Hansen	Huot	Lesch
Bierman	Claflin	Elkins	Hassan	Klevorn	Liebling

Lien	Mann	Murphy	Poppe	Stephenson	Wolgamott
Lillie	Mariani	Nelson, M.	Pryor	Sundin	Xiong, J.
Lippert	Marquart	Noor	Richardson	Tabke	Xiong, T.
Lislegard	Masin	Olson	Sandell	Vang	Youakim
Loeffler	Moller	Pelowski	Sandstede	Wagenius	Spk. Hortman
Long	Moran	Persell	Sauke	Wazlawik	
Mahoney	Morrison	Pinto	Schultz	Winkler	

The motion did not prevail and the amendment was not adopted.

Gruenhagen moved to amend H. F. No. 2414, the first engrossment, as amended, as follows:

Page 222, delete section 22

Page 1015, line 2, delete "5,654,457,000" and insert "5,654,637,000" and delete "5,714,974,000" and insert "5,716,502,000"

Page 1028, line 29, delete "97,072,000" and insert "96,892,000" and delete "97,621,000" and insert "96,093,000"

Adjust amounts accordingly

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Gruenhagen amendment and the roll was called. There were 56 yeas and 73 nays as follows:

Those who voted in the affirmative were:

Albright	Drazkowski	Heinrich	Lislegard	Nornes	Scott
Anderson	Erickson	Heintzeman	Lucero	O'Driscoll	Theis
Bahr	Fabian	Hertaus	Lueck	O'Neill	Torkelson
Baker	Franson	Johnson	McDonald	Petersburg	Urdahl
Bennett	Garofalo	Jurgens	Mekeland	Pierson	Vogel
Boe	Green	Kiel	Miller	Poston	Zerwas
Daniels	Grossell	Koznick	Munson	Quam	
Daudt	Gruenhagen	Kresha	Nash	Robbins	
Davids	Gunther	Layman	Nelson, N.	Runbeck	
Dettmer	Haley	Lien	Neu	Schomacker	

Those who voted in the negative were:

Acomb	Cantrell	Davnie	Freiberg	Her	Kotzya-Witthuhn
Bahner	Carlson, A.	Dehn	Gomez	Hornstein	Kunesh-Podein
Becker-Finn	Carlson, L.	Ecklund	Halverson	Howard	Lee
Bernardy	Christensen	Edelson	Hansen	Huot	Lesch
Bierman	Clafin	Elkins	Hassan	Klevorn	Liebling
Brand	Considine	Fischer	Hausman	Koegel	Lillie

Lippert	Masin	Olson	Sandell	Vang	Youakim
Loeffler	Moller	Pelowski	Sandstede	Wagenius	Spk. Hortman
Long	Moran	Persell	Sauke	Wazlawik	
Mahoney	Morrison	Pinto	Schultz	Winkler	
Mann	Murphy	Poppe	Stephenson	Wolgamott	
Mariani	Nelson, M.	Pryor	Sundin	Xiong, J.	
Marquart	Noor	Richardson	Tabke	Xiong, T.	

The motion did not prevail and the amendment was not adopted.

The Speaker resumed the Chair.

H. F. No. 2414, A bill for an act relating to state government; establishing the health and human services budget; modifying provisions governing children and families, operations, direct care and treatment, continuing care for older adults, disability services, chemical and mental health, mental health uniform service standards, health care, prescription drugs, health-related licensing boards, Department of Health programs, health coverage, resident rights and consumer protections, independent senior living facilities, dementia care services for assisted living facilities with dementia care, assisted living licensure conforming changes, third-party logistics providers and wholesale distributors, and prescription drug pricing; establishing OneCare Buy-In; establishing pharmacy benefit manager licensure; establishing prescription drug repository program; establishing insulin assistance program; establishing OneCare Buy-In reserve account; establishing assisted living licensure; requiring reports; making technical changes; modifying civil and criminal penalties; providing for rulemaking; modifying fees; making forecast adjustments; appropriating money; amending Minnesota Statutes 2018, sections 8.31, subdivision 1; 13.46, subdivisions 2, 3; 13.461, subdivision 28; 13.69, subdivision 1; 13.851, by adding a subdivision; 15C.02; 16A.151, subdivision 2; 16A.724, subdivision 2; 18K.02, subdivision 3; 18K.03; 62A.021, by adding subdivisions; 62A.152, subdivision 3; 62A.25, subdivision 2; 62A.28, subdivision 2; 62A.30, by adding a subdivision; 62A.3094, subdivision 1; 62A.65, subdivision 7; 62A.671, subdivision 6; 62D.02, subdivision 4; 62D.03, subdivision 1; 62D.05, subdivision 1; 62D.06, subdivision 1; 62D.12, by adding a subdivision; 62D.124, subdivisions 1, 2, 3, by adding subdivisions; 62D.17, subdivision 1; 62D.19; 62D.30, subdivision 8; 62E.02, subdivision 3; 62E.23, subdivision 4; 62J.23, subdivision 2; 62J.497, subdivision 1; 62K.075; 62K.10, subdivisions 2, 3, 4, 5; 62Q.01, by adding a subdivision; 62Q.184, subdivisions 1, 3; 62Q.47; 62Q.81; 103I.005, subdivisions 2, 8a, 17a; 103I.205, subdivisions 1, 4, 9; 103I.208, subdivision 1; 103I.235, subdivision 3; 103I.301, subdivision 6, by adding a subdivision; 103I.601, subdivision 4; 119B.011, subdivisions 19, 20, by adding a subdivision; 119B.02, subdivisions 3, 6, 7; 119B.025, subdivision 1, by adding a subdivision; 119B.03, subdivision 9; 119B.05, subdivision 1; 119B.09, subdivisions 1, 7; 119B.095, subdivision 2, by adding a subdivision; 119B.125, subdivision 6; 119B.13, subdivisions 1, 6, 7; 119B.16, subdivisions 1, 1a, 1b, by adding subdivisions; 124D.142; 124D.165, subdivision 4; 125A.515, subdivisions 1, 3, 4, 5, 7, 8; 144.051, subdivisions 4, 5, 6; 144.057, subdivisions 1, 3; 144.0724, subdivisions 4, 5, 8; 144.121, subdivision 1a, by adding a subdivision; 144.122; 144.225, subdivisions 2, 2a, 7; 144.3831, subdivision 1; 144.412; 144.413, subdivisions 1, 4; 144.414, subdivisions 2, 3; 144.416; 144.4165; 144.4167, subdivision 4; 144.417, subdivision 4; 144.562, subdivision 2; 144.966, subdivision 2; 144.99, subdivision 1; 144A.04, subdivision 5; 144A.071, subdivisions 1a, 2, 3, 4a, 4c, 5a; 144A.073, subdivision 3c; 144A.20, subdivision 1; 144A.24; 144A.26; 144A.43, subdivisions 11, 30, by adding a subdivision; 144A.44, subdivision 1; 144A.471, subdivisions 7, 9; 144A.472, subdivisions 5, 7; 144A.473; 144A.474, subdivisions 2, 9, 11; 144A.475, subdivisions 1, 2, 3b, 5; 144A.476, subdivision 1; 144A.479, subdivision 7; 144A.4791, subdivisions 1, 3, 6, 7, 8, 9, 10; 144A.4792, subdivisions 1, 2, 5, 10; 144A.4793, subdivision 6; 144A.4796, subdivision 2; 144A.4797, subdivision 3; 144A.4798; 144A.4799; 144A.484, subdivision 1; 145.4235, subdivisions 2, 3, 4, by adding a subdivision; 145.928, subdivisions 1, 7; 147.37; 147D.27, by adding a subdivision; 147E.40, subdivision 1; 147F.17, subdivision 1; 148.59; 148.6445, subdivisions 1, 2, 2a, 3, 4, 5, 6, 10; 148.7815, subdivision 1; 148B.5301, subdivision 2; 148E.0555, subdivision 6; 148E.120, subdivision 2; 148E.180; 148F.11, subdivision 1; 150A.06, by adding subdivisions; 150A.091, by adding subdivisions; 151.01, subdivisions 23, 31, 35, by adding a subdivision; 151.06,



by adding a subdivision; 151.065, subdivisions 1, 2, 3, 6; 151.071, subdivisions 1, 2; 151.15, subdivision 1, by adding subdivisions; 151.19, subdivisions 1, 3; 151.21, subdivision 7, by adding a subdivision; 151.211, subdivision 2, by adding a subdivision; 151.252, subdivisions 1, 1a, 3; 151.253, by adding a subdivision; 151.32; 151.40, subdivisions 1, 2; 151.43; 151.46; 151.47, subdivision 1, by adding a subdivision; 152.01, subdivision 23; 152.02, subdivisions 2, 3; 152.11, by adding a subdivision; 152.12, by adding a subdivision; 152.125, subdivision 3; 152.126, subdivisions 1, 6, 7, by adding a subdivision; 152.22, subdivisions 6, 11, 13, 14, by adding subdivisions; 152.25, subdivisions 1, 1a, 1c, 4; 152.27, subdivisions 2, 3, 4, 5, 6; 152.28, subdivision 1; 152.29, subdivisions 1, 2, 3; 152.31; 152.32, subdivision 2; 152.33, subdivisions 1, 2; 152.34; 152.36, subdivision 2; 171.171; 214.25, subdivision 2; 237.50, subdivisions 4a, 6a, 10a, 11, by adding subdivisions; 237.51, subdivisions 1, 5a; 237.52, subdivision 5; 237.53; 245.095; 245.462, subdivisions 6, 8, 9, 14, 17, 18, 21, 23, by adding a subdivision; 245.4661, subdivision 9; 245.467, subdivisions 2, 3; 245.469, subdivisions 1, 2; 245.470, subdivision 1; 245.4712, subdivision 2; 245.472, subdivision 2; 245.4863; 245.4871, subdivisions 9a, 10, 11a, 17, 21, 26, 27, 29, 32, 34; 245.4876, subdivisions 2, 3; 245.4879, subdivisions 1, 2; 245.488, subdivision 1; 245.4889, subdivision 1; 245.696, by adding a subdivision; 245.735, subdivision 3; 245A.02, subdivisions 3, 5a, 8, 9, 12, 14, 18, by adding subdivisions; 245A.03, subdivisions 1, 3; 245A.04, subdivisions 1, 2, 4, 6, 7, 10, by adding subdivisions; 245A.05; 245A.07, subdivisions 1, 2, 2a, 3; 245A.10, subdivision 4; 245A.14, subdivisions 4, 8, by adding subdivisions; 245A.145, subdivisions 1, 2; 245A.151; 245A.16, subdivision 1, by adding a subdivision; 245A.18, subdivision 2; 245A.40; 245A.41; 245A.50; 245A.51, subdivision 3, by adding subdivisions; 245A.66, subdivisions 2, 3; 245C.02, subdivision 6a, by adding subdivisions; 245C.03, subdivision 1, by adding a subdivision; 245C.05, subdivisions 2c, 2d, 4, 5, 5a; 245C.08, subdivisions 1, 3; 245C.10, by adding a subdivision; 245C.13, subdivision 2, by adding a subdivision; 245C.14, subdivision 1; 245C.15, subdivisions 2, 3, 4, by adding a subdivision; 245C.22, subdivisions 4, 5; 245C.24; 245C.30, subdivisions 1, 2, 3; 245C.32, subdivision 2; 245D.03, subdivision 1; 245D.071, subdivision 1; 245D.081, subdivision 3; 245E.01, subdivision 8; 245E.02, by adding a subdivision; 245F.05, subdivision 2; 245H.01, by adding subdivisions; 245H.03, by adding a subdivision; 245H.07; 245H.10, subdivision 1; 245H.11; 245H.12; 245H.13, subdivision 5, by adding subdivisions; 245H.14, subdivisions 1, 3, 4, 5, 6; 245H.15, subdivision 1; 246.54, by adding a subdivision; 246B.10; 252.27, subdivision 2a; 252.275, subdivision 3; 252.28, subdivision 1; 252.41, subdivisions 3, 4, 5, 6, 7, 9; 252.42; 252.43; 252.44; 252.45; 254A.03, subdivision 3; 254B.02, subdivision 1; 254B.03, subdivisions 2, 4; 254B.04, subdivision 1; 254B.05, subdivisions 1a, 5; 254B.06, subdivisions 1, 2; 256.01, subdivision 14b; 256.046, subdivision 1, by adding a subdivision; 256.478; 256.9365; 256.962, subdivision 5; 256.969, subdivisions 2b, 3a, 9, 17, 19; 256.98, subdivision 8; 256B.02, subdivision 7; 256B.04, subdivisions 14, 21, 22; 256B.055, subdivision 2; 256B.056, subdivisions 3, 5c; 256B.0615, subdivision 1; 256B.0616, subdivisions 1, 3; 256B.0622, subdivisions 1, 2, 3a, 4, 5a, 7, 7a, 7b, 7d; 256B.0623, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 10, 11, 12; 256B.0624, subdivisions 2, 4, 5, 6, 7, 8, 9, 11; 256B.0625, subdivisions 3b, 5, 5l, 9, 13, 13d, 13e, 13f, 17, 19c, 23, 24, 30, 31, 42, 45a, 48, 49, 56a, 57, 61, 62, 65, by adding subdivisions; 256B.064, subdivisions 1a, 1b, 2, by adding subdivisions; 256B.0644; 256B.0651, subdivision 17; 256B.0658; 256B.0659, subdivisions 11, 12, 21, 24, 28, by adding a subdivision; 256B.0757, subdivisions 2, 4, 8, by adding subdivisions; 256B.0915, subdivisions 3a, 3b; 256B.092, subdivision 13; 256B.0941, subdivisions 1, 3; 256B.0943, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 11; 256B.0944, subdivisions 1, 3, 4, 5, 6, 7, 8, 9; 256B.0946, subdivisions 1, 1a, 2, 3, 4, 6; 256B.0947, subdivisions 1, 2, 3, 3a, 5, 6, 7a; 256B.0949, subdivisions 2, 4, 5a, by adding a subdivision; 256B.27, subdivision 3; 256B.434, subdivisions 1, 3; 256B.49, subdivision 24; 256B.4912, by adding subdivisions; 256B.4913, subdivisions 4a, 5; 256B.4914, subdivisions 2, 4, 5, 6, 7, 8, 9, 10, 10a, 14, 15, by adding a subdivision; 256B.69, subdivisions 6, 6d, 35, by adding subdivisions; 256B.76, subdivisions 2, 4; 256B.766; 256B.79, subdivisions 2, 3, 4, 5, 6; 256B.85, subdivisions 3, 10, 11, 12, 16, by adding a subdivision; 256I.03, subdivision 15; 256I.04, subdivisions 1, 2a, 2f; 256I.05, subdivision 1c; 256I.06, subdivision 8; 256J.24, subdivision 5; 256L.03, by adding a subdivision; 256L.07, subdivision 2, by adding a subdivision; 256L.11, subdivisions 2, 7; 256L.121, subdivision 3; 256M.41, subdivision 3, by adding a subdivision; 256R.02, subdivisions 8, 19, by adding subdivisions; 256R.08, subdivision 1; 256R.10, by adding a subdivision; 256R.16, subdivision 1; 256R.21, by adding a subdivision; 256R.23, subdivision 5; 256R.24; 256R.25; 256R.26; 256R.44; 256R.47; 256R.50, subdivision 6; 260C.007, subdivision 18, by adding a subdivision; 260C.178, subdivision 1; 260C.201, subdivisions 1, 2, 6; 260C.212, subdivision 2; 260C.452, subdivision 4; 260C.503, subdivision 1; 270B.12, by adding a subdivision; 290.0131, by adding a subdivision; 295.51, subdivision 1a; 295.52, subdivision 8; 295.57, subdivision 3; 295.582, subdivision 1; 297I.05, subdivision 5; 317A.811, by adding a subdivision; 325F.69, by adding a subdivision; 325F.72, subdivisions 1, 2, 4; 461.12, subdivisions 2, 3, 4, 5, 6, 8; 461.18; 518A.32, subdivision 3; 609.685; 609.6855; 626.556, subdivision 10; 626.5561, subdivision 1; 626.5572,

subdivision 6; 628.26; 641.15, subdivision 3a; Laws 2003, First Special Session chapter 14, article 13C, section 2, subdivision 6, as amended; Laws 2017, First Special Session chapter 6, article 1, section 45; article 3, section 49; article 5, section 11; article 8, sections 71; 72; proposing coding for new law in Minnesota Statutes, chapters 10; 62A; 62C; 62D; 62K; 62Q; 62V; 119B; 137; 144; 144A; 144G; 145; 148; 151; 214; 245; 245A; 245D; 256; 256B; 256L; 256M; 256R; 260C; 290; 461; 609; proposing coding for new law as Minnesota Statutes, chapters 62W; 144I; 144J; 144K; 245I; 256T; 317B; repealing Minnesota Statutes 2018, sections 62A.021, subdivisions 1, 3; 119B.125, subdivision 8; 119B.16, subdivision 2; 144.414, subdivision 5; 144A.071, subdivision 4d; 144A.441; 144A.442; 144A.45, subdivision 6; 144A.472, subdivision 4; 144A.481; 144D.01; 144D.015; 144D.02; 144D.025; 144D.03; 144D.04; 144D.045; 144D.05; 144D.06; 144D.065; 144D.066; 144D.07; 144D.08; 144D.09; 144D.10; 144D.11; 144G.01; 144G.02; 144G.03; 144G.04; 144G.05; 144G.06; 151.214, subdivision 2; 151.42; 151.44; 151.49; 151.50; 151.51; 151.55; 151.60; 151.61; 151.62; 151.63; 151.64; 151.65; 151.66; 151.67; 151.68; 151.69; 151.70; 151.71; 214.17; 214.18; 214.19; 214.20; 214.21; 214.22; 214.23; 214.24; 245.462, subdivision 4a; 245E.06, subdivisions 2, 4, 5; 245H.10, subdivision 2; 246.18, subdivisions 8, 9; 252.41, subdivision 8; 252.431; 252.451; 254B.03, subdivision 4a; 256B.0615, subdivisions 2, 4, 5; 256B.0616, subdivisions 2, 4, 5; 256B.0624, subdivision 10; 256B.0625, subdivision 63; 256B.0659, subdivision 22; 256B.0705; 256B.0943, subdivision 10; 256B.0944, subdivision 10; 256B.0946, subdivision 5; 256B.0947, subdivision 9; 256B.431, subdivisions 3a, 3f, 3g, 3i, 10, 13, 15, 16, 17, 17a, 17c, 17d, 17e, 18, 21, 22, 30, 45; 256B.434, subdivisions 4, 4f, 4i, 4j, 6, 10; 256B.4913, subdivisions 4a, 6, 7; 256B.79, subdivision 7; 256L.11, subdivisions 2a, 6a; 256R.36; 256R.40; 256R.41; Laws 2010, First Special Session chapter 1, article 25, section 3, subdivision 10; Laws 2011, First Special Session chapter 9, article 6, section 97, subdivision 6; Minnesota Rules, parts 2960.3030, subpart 3; 3400.0185, subpart 5; 6400.6970; 7200.6100; 7200.6105; 9502.0425, subparts 4, 16, 17; 9503.0155, subpart 8; 9505.0370; 9505.0371; 9505.0372; 9520.0010; 9520.0020; 9520.0030; 9520.0040; 9520.0050; 9520.0060; 9520.0070; 9520.0080; 9520.0090; 9520.0100; 9520.0110; 9520.0120; 9520.0130; 9520.0140; 9520.0150; 9520.0160; 9520.0170; 9520.0180; 9520.0190; 9520.0200; 9520.0210; 9520.0230; 9549.0057; 9549.0060, subparts 4, 5, 6, 7, 10, 11, 14.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 74 yeas and 55 nays as follows:

Those who voted in the affirmative were:

Acomb	Dehn	Howard	Loeffler	Olson	Vang
Bahner	Ecklund	Huot	Long	Persell	Wagenius
Becker-Finn	Edelson	Klevorn	Mahoney	Pinto	Wazlawik
Bernardy	Elkins	Koegel	Mann	Poppe	Winkler
Bierman	Fischer	Kotyza-Witthuhn	Mariani	Pryor	Wolgamott
Brand	Freiberg	Kunesh-Podein	Marquart	Richardson	Xiong, J.
Cantrell	Gomez	Lee	Masin	Sandell	Xiong, T.
Carlson, A.	Halverson	Lesch	Moller	Sandstede	Youakim
Carlson, L.	Hansen	Liebling	Moran	Sauke	Spk. Hortman
Christensen	Hassan	Lien	Morrison	Schultz	
Claflin	Hausman	Lillie	Murphy	Stephenson	
Considine	Her	Lippert	Nelson, M.	Sundin	
Davnie	Hornstein	Lislegard	Noor	Tabke	

Those who voted in the negative were:

Albright	Boe	Draskowski	Green	Heinrich	Kiel
Anderson	Daniels	Erickson	Grossell	Heintzeman	Koznick
Bahr	Daudt	Fabian	Gruenhagen	Hertaus	Kresha
Baker	Dauids	Franson	Gunther	Johnson	Layman
Bennett	Dettmer	Garofalo	Haley	Jurgens	Lucero

Lueck	Nash	O'Neill	Quam	Theis
McDonald	Nelson, N.	Pelowski	Robbins	Torkelson
Mekeland	Neu	Petersburg	Runbeck	Urdahl
Miller	Nornes	Pierson	Schomacker	Vogel
Munson	O'Driscoll	Poston	Scott	Zerwas

The bill was passed, as amended, and its title agreed to.

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.

### CALENDAR FOR THE DAY, Continued

H. F. No. 2125 was reported to the House.

Marquart moved to amend H. F. No. 2125, the second engrossment, as follows:

Page 15, delete lines 20 and 21 and insert "(1) state and local personal property taxes and real property taxes, in a total amount for both types not to exceed \$10,000, or \$5,000 for a married taxpayer"

Page 16, line 11, after the comma, insert "including the denial of the deduction under section 408(d)(8),"

Page 18, line 20, delete "(4)" and insert "(3)"

Page 20, line 28, after "effective" insert "retroactively"

Page 20, line 29, delete "2018" and insert "2017"

Page 23, line 6, after "290.0121" insert ", subdivision 1"

Page 29, line 18, strike "deductible" and insert "deducted"

Page 29, line 19, delete ", if the taxpayer itemizes"

Page 29, line 20, delete everything before the period

Page 35, line 13, after "taxable" insert "or adjusted gross"

Page 161, line 23, after the period, insert "The county recorder or registrar of titles must not record or file a conveyance issued under this paragraph unless the conveyance contains a certification signed by the county auditor where the land is located stating that the recorder or registrar of titles can accept the conveyance for recording or filing."

Page 185, line 16, after "(b)" insert "For aids payable in 2020 only, no city's aid amount before any adjustment under subdivision 13 may be less than its pay 2019 certified aid amount, less any aid adjustment under subdivision 13 for that year." and strike "2018" and insert "2020"

Page 186, line 20, delete "2020" and insert "2021"

The motion prevailed and the amendment was adopted.

Poppe moved to amend H. F. No. 2125, the second engrossment, as amended, as follows:

Page 188, after line 4, insert:

"Sec. 16. Laws 2018, chapter 211, article 14, section 26, is amended to read:

**Sec. 26. CITY OF AUSTIN; ALLOCATION OF FIRE STATE AID FOR FIREFIGHTERS.**

(a) Notwithstanding any law to the contrary, the city of Austin must annually:

(1) determine the amount of state aid required under the bylaws of the Austin Parttime Firefighters Relief Association to fund the volunteer firefighters' service pensions;

(2) transmit to the Austin Parttime Firefighters Relief Association any supplemental state aid received under Minnesota Statutes, section 423A.022;

(3) transmit to the Austin Parttime Firefighters Relief Association an amount of fire state aid under Minnesota Statutes, sections 69.011 to 69.051, equal to the difference between the amount determined under clause (1) and the amount transmitted under clause (2); and

(4) transmit the remaining balance of fire state aid under Minnesota Statutes, sections 69.011 to 69.051, for the payment of the employer contribution requirements for firefighters covered by the public employees police and fire retirement plan under Minnesota Statutes, section 353.65, subdivision 3.

(b) Notwithstanding Minnesota Statutes, section 69.031, subdivision 5, the city of Austin has no liability to the relief association related to payments it made or will make to the public employees police and fire retirement plan from fire state aid for 2013, 2014, 2015, 2016, 2017, and 2018 and subsequent years.

(c) ~~This section expires July 1, 2019~~ Paragraphs (a) and (b) expire on the effective date of general legislation permitting the allocation of fire state aid between volunteer firefighter relief associations and the affiliated municipalities, independent nonprofit firefighting corporations, or joint powers entities.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Austin and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Quam moved to amend H. F. No. 2125, the second engrossment, as amended, as follows:

Page 73, after line 13, insert:

"Sec. 14. Minnesota Statutes 2018, section 290.0132, is amended by adding a subdivision to read:

Subd. 30. Collaborative vocational training. (a) For purposes of this subdivision, the following terms have the meanings given them:

(1) "Collaborative vocational training agreement" means a partnership between a taxpayer and a qualifying school where the taxpayer agrees to provide practical, hands-on training:

(i) that assists to improve students' knowledge of core curriculum areas or to expand knowledge and skills under the required academic standards under section 120B.021, subdivision 1, or the elective standard under section 120B.022, subdivision 1; or

(ii) in vocational technical trades for skilled occupations; and

(2) "Qualifying school" means:

(i) a secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363A; or

(ii) a postsecondary institution eligible for state student aid under section 136A.103 or, a postsecondary institution situated in North Dakota, South Dakota, Iowa, or Wisconsin that participates in the federal Pell Grant program under title IV of the Higher Education Act of 1965, Public Law 89-329, as amended.

(b) The amount equal to the certificate provided under paragraph (e) is a subtraction.

(c) To be eligible for the subtraction under this subdivision, a taxpayer must apply to the commissioner of education or the commissioner of higher education, as applicable, for certification that the taxpayer has entered into a collaborative vocational training agreement for the taxable year. The application must be in a form and manner prescribed by the commissioner of revenue in consultation with the commissioner of education and the commissioner of higher education.

(d) A qualifying school that enters into a collaborative vocational training agreement for a taxable year must certify to the commissioner of education or commissioner of higher education, as applicable, the education cost savings realized during the taxable year attributable to the agreement.

(e) Upon determination that the taxpayer has entered into a collaborative vocational training agreement for the taxable year, the commissioner of education or commissioner of higher education must issue a certificate to the taxpayer designated in the application. The certificate must state the amount of the subtraction. The subtraction equals the lesser of: (1) the amount certified under paragraph (d) by the qualifying school; or (2) .....

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2019."

Page 73, after line 22, insert:

"Sec. 16. Minnesota Statutes 2018, section 290.0134, is amended by adding a subdivision to read:

Subd. 19. Collaborative vocational training. (a) For purposes of this subdivision, the following terms have the meanings given them:

(1) "Collaborative vocational training agreement" means a partnership between a taxpayer and a qualifying school where the taxpayer agrees to provide practical, hands-on training:

(i) that assists to improve students' knowledge of core curriculum areas or to expand knowledge and skills under the required academic standards under section 120B.021, subdivision 1, or the elective standard under section 120B.022, subdivision 1; or

(ii) in vocational technical trades for skilled occupations; and

(2) "Qualifying school" means:

(i) a secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363A; or

(ii) a postsecondary institution eligible for state student aid under section 136A.103 or, a postsecondary institution situated in North Dakota, South Dakota, Iowa, or Wisconsin that participates in the federal Pell Grant program under title IV of the Higher Education Act of 1965, Public Law 89-329, as amended.

(b) The amount equal to the certificate provided under paragraph (e) is a subtraction.

(c) To be eligible for the subtraction under this subdivision, a taxpayer must apply to the commissioner of education or the commissioner of higher education, as applicable, for certification that the taxpayer has entered into a collaborative vocational training agreement for the taxable year. The application must be in a form and manner prescribed by the commissioner of revenue in consultation with the commissioner of education and the commissioner of higher education.

(d) A qualifying school that enters into a collaborative vocational training agreement for a taxable year must certify to the commissioner of education or commissioner of higher education, as applicable, the education cost savings realized during the taxable year attributable to the agreement.

(e) Upon determination that the taxpayer has entered into a collaborative vocational training agreement for the taxable year, the commissioner of education or commissioner of higher education must issue a certificate to the taxpayer designated in the application. The certificate must state the amount of the subtraction. The subtraction equals the lesser of: (1) the amount certified under paragraph (d) by the qualifying school; or (2) .....

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2019."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Quam moved to amend the Quam amendment to H. F. No. 2125, the second engrossment, as amended, as follows:

Page 2, line 17, delete "2019" and insert "2021"

Page 3, line 24, delete "2019" and insert "2021"

The motion prevailed and the amendment to the amendment was adopted.

The question recurred on the Quam amendment, as amended, to H. F. No. 2125, the second engrossment, as amended. The motion did not prevail and the amendment, as amended, was not adopted.

Quam moved to amend H. F. No. 2125, the second engrossment, as amended, as follows:

Page 106, after line 13, insert:

"Sec. 12. Minnesota Statutes 2018, section 297A.68, is amended by adding a subdivision to read:

Subd. 46. **Internet service provider machinery and equipment.** (a) Internet service machinery and equipment purchased or leased for use directly by an Internet service provider primarily in the provision of Internet service that are ultimately to be sold at retail are exempt, regardless of whether purchased by the owner, a contractor, or a subcontractor.

(b) For purposes of this subdivision, an "Internet service provider" means a business or person that provides individuals and other companies access to the Internet and other related services such as website building, cloud storage, virtual hosting, and similar data processing and information services through one or more points of presence on the Internet.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2019."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Quam moved to amend the Quam amendment to H. F. No. 2125, the second engrossment, as amended, as follows:

Page 1, line 14, delete "2019" and insert "2021"

The motion prevailed and the amendment to the amendment was adopted.

The question recurred on the Quam amendment, as amended, to H. F. No. 2125, the second engrossment, as amended. The motion did not prevail and the amendment, as amended, was not adopted.

Drazkowski moved to amend H. F. No. 2125, the second engrossment, as amended, as follows:

Page 72, line 6, delete "\$6,000" and insert "\$8,700"

Page 72, line 9, delete "\$4,500" and insert "\$6,510"

Page 72, line 12, delete "\$3,000" and insert "\$4,350"

Page 77, delete section 18

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Drazkowski amendment and the roll was called. There were 48 yeas and 74 nays as follows:

Those who voted in the affirmative were:

Albright	Davids	Grossell	Koznick	Nash	Quam
Anderson	Dettmer	Gruenhagen	Layman	Nelson, N.	Robbins
Bahr	Drazkowski	Gunther	Lucero	Neu	Runbeck
Baker	Erickson	Haley	Lueck	Nornes	Scott
Bennett	Fabian	Heinrich	McDonald	O'Neill	Theis
Boe	Franson	Hertaus	Mekeland	Petersburg	Torkelson
Daniels	Garofalo	Jurgens	Miller	Pierson	Urdahl
Daudt	Green	Kiel	Munson	Poston	Vogel

Those who voted in the negative were:

Acomb	Dehn	Howard	Lislegard	Noor	Vang
Bahner	Ecklund	Huot	Loeffler	Olson	Wagenius
Becker-Finn	Edelson	Klevorn	Long	Persell	Wazlawik
Bernardy	Elkins	Koegel	Mahoney	Pinto	Winkler
Bierman	Fischer	Kotzya-Witthuhn	Mann	Pryor	Wolgamott
Brand	Freiberg	Kresha	Mariani	Richardson	Xiong, J.
Cantrell	Gomez	Kunesh-Podein	Marquart	Sandell	Xiong, T.
Carlson, A.	Halverson	Lee	Masin	Sandstede	Youakim
Carlson, L.	Hansen	Lesch	Moller	Sauke	Spk. Hortman
Christensen	Hassan	Liebling	Moran	Schultz	
Clafin	Hausman	Lien	Morrison	Stephenson	
Considine	Her	Lillie	Murphy	Sundin	
Davnie	Hornstein	Lippert	Nelson, M.	Tabke	

The motion did not prevail and the amendment was not adopted.

Drazkowski moved to amend H. F. No. 2125, the second engrossment, as amended, as follows:

Page 77, delete section 18

Page 160, lines 4 and 5, reinstate the stricken language

Page 160, lines 4 to 6, delete the new language



Page 160, line 23, delete "effective beginning with property taxes payable"

Page 160, line 24, delete "in 2020, except the amendments to clause (3) are"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion did not prevail and the amendment was not adopted.

Drazkowski moved to amend H. F. No. 2125, the second engrossment, as amended, as follows:

Page 73, after line 13, insert:

"Sec. 14. Minnesota Statutes 2018, section 290.0132, is amended by adding a subdivision to read:

Subd. 28. **Tip income.** The amount of tips that an individual (1) reports to his or her employer as required under section 6053(a) of the Internal Revenue Code or (2) reports to the Internal Revenue Service as wages which are subject to notice and demand for payment of employer taxes under section 3121(q) of the Internal Revenue Code, is a subtraction.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018."

Page 77, line 14, delete "3.9" and insert "3.1"

Page 77, line 22, delete "12" and insert "11.6"

Page 77, line 26, delete "12.5" and insert "11.6"

Page 91, after line 23, insert:

"Sec. 29. Minnesota Statutes 2018, section 290.92, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (1) **Wages.** For purposes of this section, the term "wages" means the same as that term is defined in section 3401(a) and (f) of the Internal Revenue Code, except that it excludes amounts eligible to be subtracted under section 290.0132, subdivision 27.

(2) **Payroll period.** For purposes of this section the term "payroll period" means a period for which a payment of wages is ordinarily made to the employee by the employee's employer, and the term "miscellaneous payroll period" means a payroll period other than a daily, weekly, biweekly, semimonthly, monthly, quarterly, semiannual, or annual payroll period.

(3) **Employee.** For purposes of this section the term "employee" means any resident individual performing services for an employer, either within or without, or both within and without the state of Minnesota, and every nonresident individual performing services within the state of Minnesota, the performance of which services constitute, establish, and determine the relationship between the parties as that of employer and employee. As used in the preceding sentence, the term "employee" includes an officer of a corporation, and an officer, employee, or elected official of the United States, a state, or any political subdivision thereof, or the District of Columbia, or any agency or instrumentality of any one or more of the foregoing.

(4) **Employer.** For purposes of this section the term "employer" means any person, including individuals, fiduciaries, estates, trusts, partnerships, limited liability companies, and corporations transacting business in or deriving any income from sources within the state of Minnesota for whom an individual performs or performed any service, of whatever nature, as the employee of such person, except that if the person for whom the individual performs or performed the services does not have control of the payment of the wages for such services, the term "employer," except for purposes of paragraph (1), means the person having control of the payment of such wages. As used in the preceding sentence, the term "employer" includes any corporation, individual, estate, trust, or organization which is exempt from taxation under section 290.05 and further includes, but is not limited to, officers of corporations who have control, either individually or jointly with another or others, of the payment of the wages.

(5) **Number of withholding exemptions claimed.** For purposes of this section, the term "number of withholding exemptions claimed" means the number of withholding exemptions claimed in a withholding exemption certificate in effect under subdivision 5, except that if no such certificate is in effect, the number of withholding exemptions claimed shall be considered to be zero.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 30. Minnesota Statutes 2018, section 290.92, subdivision 2a, is amended to read:

Subd. 2a. **Collection at source.** (1) **Deductions.** Every employer making payment of wages shall deduct and withhold upon such wages a tax as provided in this section.

(2) **Withholding on payroll period.** The employer shall withhold the tax on the basis of each payroll period or as otherwise provided in this section.

(3) **Withholding tables.** Unless the amount of tax to be withheld is determined as provided in subdivision 3, the amount of tax to be withheld for each individual shall be based upon tables to be prepared and distributed by the commissioner. The tables shall be computed for the several permissible withholding periods and shall take account of exemptions allowed under this section; and the amounts computed for withholding shall be such that the amount withheld for any individual during the individual's taxable year shall approximate in the aggregate as closely as possible the tax which is levied and imposed under this chapter for that taxable year, upon the individual's salary, wages, or compensation for personal services of any kind for the employer.

(4) **Miscellaneous payroll period.** If wages are paid with respect to a period which is not a payroll period, the amount to be deducted and withheld shall be that applicable in the case of a miscellaneous payroll period containing a number of days, including Sundays and holidays, equal to the number of days in the period with respect to which such wages are paid.

(5) **Miscellaneous payroll period.** (a) In any case in which wages are paid by an employer without regard to any payroll period or other period, the amount to be deducted and withheld shall be that applicable in the case of a miscellaneous payroll period containing a number of days equal to the number of days, including Sundays and holidays, which have elapsed since the date of the last payment of such wages by such employer during the calendar year, or the date of commencement of employment with such employer during such year, or January 1 of such year, whichever is the later.

(b) In any case in which the period, or the time described in clause (a), in respect of any wages is less than one week, the commissioner, under rules prescribed by the commissioner, may authorize an employer to determine the amount to be deducted and withheld under the tables applicable in the case of a weekly payroll period, in which case the aggregate of the wages paid to the employee during the calendar week shall be considered the weekly wages.

(6) **Wages computed to nearest dollar.** If the wages exceed the highest bracket, in determining the amount to be deducted and withheld under this subdivision, the wages may, at the election of the employer, be computed to the nearest dollar.

(7) **Rules on withholding.** The commissioner may, by rule, authorize employers:

(a) to estimate the wages which will be paid to any employee in any quarter of the calendar year;

(b) to determine the amount to be deducted and withheld upon each payment of wages to such employee during such quarter as if the appropriate average of the wages so estimated constituted the actual wages paid; and

(c) to deduct and withhold upon any payment of wages to such employee during such quarter such amount as may be necessary to adjust the amount actually deducted and withheld upon wages of such employee during such quarter to the amount required to be deducted and withheld during such quarter without regard to this paragraph (7).

(8) **Additional withholding.** The commissioner is authorized to provide by rule for increases or decreases in the amount of withholding otherwise required under this section in cases where the employee requests the changes. Such additional withholding shall for all purposes be considered tax required to be deducted and withheld under this section.

~~(9) **Tips.** In the case of tips which constitute wages, this subdivision shall be applicable only to such tips as are included in a written statement furnished to the employer pursuant to section 6053 of the Internal Revenue Code and only to the extent that the tax can be deducted and withheld by the employer, at or after the time such statement is so furnished and before the close of the calendar year in which such statement is furnished, from such wages of the employee (excluding tips, but including funds turned over by the employee to the employer for the purpose of such deduction and withholding) as are under the control of the employer; and an employer who is furnished by an employee a written statement of tips (received in a calendar month) pursuant to section 6053 of the Internal Revenue Code to which subdivision 1 is applicable may deduct and withhold the tax with respect to such tips from any wages of the employee (excluding tips) under the employer's control, even though at the time such statement is furnished the total amount of the tips included in statements furnished to the employer as having been received by the employee in such calendar month in the course of employment by such employer is less than \$20. Such tax shall not at any time be deducted and withheld in an amount which exceeds the aggregate of such wages and funds as are under the control of the employer minus any tax required by other provisions of state or federal law to be collected from such wages and funds.~~

~~(10) **Vehicle fringe benefits.** An employer shall not deduct and withhold any tax under this section with respect to any vehicle fringe benefit provided to an employee if the employer has so elected for federal purposes and the requirement of and the definition contained in section 3402(s) of the Internal Revenue Code are complied with.~~

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion did not prevail and the amendment was not adopted.

Drazkowski moved to amend H. F. No. 2125, the second engrossment, as amended, as follows:

Page 77, delete section 18

Page 91, delete section 29

Page 93, after line 11, insert:

"Sec. 33. **RULE CHANGES.**

The commissioner of revenue shall make all necessary changes to Minnesota Rules, chapters 8001 to 8175, consistent with the repealer in section 35. The commissioner shall use the good cause exemption under Minnesota Statutes, section 14.388, in adopting the amendments. The provisions of Minnesota Statutes, section 14.386, do not apply except as provided in Minnesota Statutes, section 14.388.

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

Sec. 34. **REVISOR INSTRUCTION.**

The revisor of statutes shall make all necessary statutory cross-reference changes and other reference changes in Minnesota Statutes consistent with the repealer in section 35. The revisor can make changes to sentence structure to preserve the meaning of the text.

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

Sec. 35. **REPEALER.**

Minnesota Statutes 2018, sections 270C.585; 289A.10; 289A.18, subdivisions 3 and 3a; 289A.19, subdivision 4; 289A.20, subdivisions 3 and 3a; 289A.30, subdivision 2; 289A.55, subdivision 7; 291.005; 291.01; 291.016; 291.03, subdivisions 1, 1a, 1d, 8, 9, 10, and 11; 291.031; 291.075; 291.12, subdivisions 1, 2, and 3; 291.13, subdivisions 1 and 3; 291.16; 291.21, subdivision 1; 291.215, subdivision 1; and 291.27, are repealed.

**EFFECTIVE DATE.** This section is effective for estates of decedents dying after September 30, 2020."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

Albright moved to amend the Drazkowski amendment to H. F. No. 2125, the second engrossment, as amended, as follows:

Page 1, delete lines 2 and 3

A roll call was requested and properly seconded.

The question was taken on the Albright amendment to the Drazkowski amendment and the roll was called. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The motion prevailed and the amendment to the amendment was adopted.

The question recurred on the Drazkowski amendment, as amended, and the roll was called. There were 48 yeas and 79 nays as follows:

Those who voted in the affirmative were:

Albright	Drazkowski	Haley	Lucero	Nornes	Runbeck
Anderson	Fabian	Heinrich	Lueck	O'Driscoll	Schomacker
Bahr	Franson	Heintzeman	McDonald	O'Neill	Scott
Baker	Garofalo	Hertaus	Mekeland	Petersburg	Theis
Bennett	Green	Johnson	Miller	Pierson	Torkelson
Daniels	Grossell	Kiel	Munson	Poston	Urdahl
Davids	Gruenhagen	Koznick	Nash	Quam	Vogel
Dettmer	Gunther	Layman	Nelson, N.	Robbins	Zerwas

Those who voted in the negative were:

Acomb	Carlson, L.	Erickson	Hornstein	Lee	Mahoney
Bahner	Christensen	Fischer	Howard	Lesch	Mann
Becker-Finn	Clafin	Freiberg	Huot	Liebling	Mariani
Bernardy	Considine	Gomez	Jurgens	Lien	Marquart
Bierman	Davnie	Halverson	Klevorn	Lillie	Masin
Boe	Dehn	Hansen	Koegel	Lippert	Moller
Brand	Ecklund	Hassan	Kotyza-Witthuhn	Lislegard	Moran
Cantrell	Edelson	Hausman	Kresha	Loeffler	Morrison
Carlson, A.	Elkins	Her	Kunesh-Podein	Long	Murphy

Nelson, M.	Pinto	Sandstede	Tabke	Wolgamott
Noor	Poppe	Sauke	Vang	Xiong, J.
Olson	Pryor	Schultz	Wagenius	Xiong, T.
Pelowski	Richardson	Stephenson	Wazlawik	Youakim
Persell	Sandell	Sundin	Winkler	Spk. Hortman

The motion did not prevail and the amendment, as amended, was not adopted.

O'Neill moved to amend H. F. No. 2125, the second engrossment, as amended, as follows:

Page 58, delete article 2 and insert:

"ARTICLE 2  
INDIVIDUAL INCOME, CORPORATE FRANCHISE, AND ESTATE TAXES

Section 1. Minnesota Statutes 2018, section 116J.8737, subdivision 1, is amended to read:

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

(b) "Qualified small business" means a business that has been certified by the commissioner under subdivision 2.

(c) "Qualified investor" means an investor who has been certified by the commissioner under subdivision 3.

(d) "Qualified fund" means a pooled angel investment network fund that has been certified by the commissioner under subdivision 4.

(e) "Qualified investment" means a cash investment in a qualified small business of a minimum of:

(1) \$10,000 in a calendar year by a qualified investor; ~~or~~

(2) \$7,500 in a calendar year by a qualified investor in qualified greater Minnesota businesses or minority- or women-owned businesses in Minnesota; or

~~(2)~~ (3) \$30,000 in a calendar year by a qualified fund.

A qualified investment must be made in exchange for common stock, a partnership or membership interest, preferred stock, debt with mandatory conversion to equity, or an equivalent ownership interest as determined by the commissioner.

(f) "Family" means a family member within the meaning of the Internal Revenue Code, section 267(c)(4).

(g) "Pass-through entity" means a corporation that for the applicable taxable year is treated as an S corporation or a general partnership, limited partnership, limited liability partnership, trust, or limited liability company and which for the applicable taxable year is not taxed as a corporation under chapter 290.

(h) "Intern" means a student of an accredited institution of higher education, or a former student who has graduated in the past six months from an accredited institution of higher education, who is employed by a qualified small business in a nonpermanent position for a duration of nine months or less that provides training and experience in the primary business activity of the business.

(i) "Liquidation event" means a conversion of qualified investment for cash, cash and other consideration, or any other form of equity or debt interest.

(j) "Qualified greater Minnesota business" means a qualified small business that is also certified by the commissioner as a qualified greater Minnesota business under subdivision 2, paragraph (h).

(k) "Minority group member" means a United States citizen who is Asian, Pacific Islander, Black, Hispanic, or Native American.

(l) "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.

(m) "Women" means persons of the female gender.

(n) "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.

(o) "Officer" means a person elected or appointed by the board of directors to manage the daily operations of the qualified small business.

(p) "Principal" means a person having authority to act on behalf of the qualified small business.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 2. Minnesota Statutes 2018, section 116J.8737, subdivision 2, is amended to read:

Subd. 2. **Certification of qualified small businesses.** (a) Businesses may apply to the commissioner for certification as a qualified small business or qualified greater Minnesota small business for a calendar year. The application must be in the form and be made under the procedures specified by the commissioner, accompanied by an application fee of \$150. Application fees are deposited in the small business investment tax credit administration account in the special revenue fund. ~~The application for certification for 2010 must be made available on the department's website by August 1, 2010.~~ Applications for ~~subsequent years'~~ certification must be made available on the department's website by November 1 of the preceding year.

(b) Within 30 days of receiving an application for certification under this subdivision, the commissioner must either certify the business as satisfying the conditions required of a qualified small business or qualified greater Minnesota small business, request additional information from the business, or reject the application for certification. If the commissioner requests additional information from the business, the commissioner must either certify the business or reject the application within 30 days of receiving the additional information. If the commissioner neither certifies the business nor rejects the application within 30 days of receiving the original application or within 30 days of receiving the additional information requested, whichever is later, then the application is deemed rejected, and the commissioner must refund the \$150 application fee. A business that applies for certification and is rejected may reapply.

(c) To receive certification as a qualified small business, a business must satisfy all of the following conditions:

(1) the business has its headquarters in Minnesota;

(2) at least: (i) 51 percent of the business's employees are employed in Minnesota; (ii) 51 percent of the business's total payroll is paid or incurred in the state; and (iii) 51 percent of the total value of all contractual agreements to which the business is a party in connection with its primary business activity is for services performed under contract in Minnesota, unless the business obtains a waiver under paragraph (i);

(3) the business is engaged in, or is committed to engage in, innovation in Minnesota in one of the following as its primary business activity:

(i) using proprietary technology to add value to a product, process, or service in a qualified high-technology field;

(ii) researching or developing a proprietary product, process, or service in a qualified high-technology field;

(iii) researching or developing a proprietary product, process, or service in the fields of agriculture, tourism, forestry, mining, manufacturing, or transportation; or

(iv) researching, developing, or producing a new proprietary technology for use in the fields of agriculture, tourism, forestry, mining, manufacturing, or transportation;

(4) other than the activities specifically listed in clause (3), the business is not engaged in real estate development, insurance, banking, lending, lobbying, political consulting, information technology consulting, wholesale or retail trade, leisure, hospitality, transportation, construction, ethanol production from corn, or professional services provided by attorneys, accountants, business consultants, physicians, or health care consultants;

(5) the business has fewer than 25 employees;

(6) the business must pay its employees annual wages of at least 175 percent of the federal poverty guideline for the year for a family of four and must pay its interns annual wages of at least 175 percent of the federal minimum wage used for federally covered employers, except that this requirement must be reduced proportionately for employees and interns who work less than full-time, and does not apply to an executive, officer, or member of the board of the business, or to any employee who owns, controls, or holds power to vote more than 20 percent of the outstanding securities of the business;

(7) the business has (i) not been in operation for more than ten years, or (ii) not been in operation for more than 20 years if the business is engaged in the research, development, or production of medical devices or pharmaceuticals for which United States Food and Drug Administration approval is required for use in the treatment or diagnosis of a disease or condition;

(8) the business has not previously received private equity investments of more than \$4,000,000;

(9) the business is not an entity disqualified under section 80A.50, paragraph (b), clause (3); and

(10) the business has not issued securities that are traded on a public exchange.

(d) In applying the limit under paragraph (c), clause (5), the employees in all members of the unitary business, as defined in section 290.17, subdivision 4, must be included.



(e) In order for a qualified investment in a business to be eligible for tax credits:

(1) the business must have applied for and received certification for the calendar year in which the investment was made prior to the date on which the qualified investment was made;

(2) the business must not have issued securities that are traded on a public exchange;

(3) the business must not issue securities that are traded on a public exchange within 180 days after the date on which the qualified investment was made; and

(4) the business must not have a liquidation event within 180 days after the date on which the qualified investment was made.

(f) The commissioner must maintain a list of qualified small businesses and qualified greater Minnesota businesses certified under this subdivision for the calendar year and make the list accessible to the public on the department's website.

(g) For purposes of this subdivision, the following terms have the meanings given:

(1) "qualified high-technology field" 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;

(2) "proprietary technology" means the technical innovations that are unique and legally owned or licensed by a business and includes, without limitation, those innovations that are patented, patent pending, a subject of trade secrets, or copyrighted; and

(3) "greater Minnesota" means the area of Minnesota located outside of the metropolitan area as defined in section 473.121, subdivision 2.

(h) To receive certification as a qualified greater Minnesota business, a business must satisfy all of the requirements of paragraph (c) and must satisfy the following conditions:

(1) the business has its headquarters in greater Minnesota; and

(2) at least: (i) 51 percent of the business's employees are employed in greater Minnesota; (ii) 51 percent of the business's total payroll is paid or incurred in greater Minnesota; and (iii) 51 percent of the total value of all contractual agreements to which the business is a party in connection with its primary business activity is for services performed under contract in greater Minnesota, unless the business obtains a waiver under paragraph (i).

(i) The commissioner must exempt a business from the requirement under paragraph (c), clause (2), item (iii), if the business certifies to the commissioner that the services required under a contract in connection with the primary business activity cannot be performed in Minnesota if the business otherwise qualifies as a qualified small business, or in greater Minnesota if the business otherwise qualifies as a qualified greater Minnesota business. The business must submit the certification required under this paragraph every six months from the month the exemption was granted. The exemption allowed under this paragraph must be submitted in a form and manner prescribed by the commissioner.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 3. Minnesota Statutes 2018, section 116J.8737, subdivision 3, is amended to read:

Subd. 3. **Certification of qualified investors.** (a) Investors may apply to the commissioner for certification as a qualified investor for a taxable year. The application must be in the form and be made under the procedures specified by the commissioner, accompanied by an application fee of \$350. Application fees are deposited in the small business investment tax credit administration account in the special revenue fund. ~~The application for certification for 2010 must be made available on the department's website by August 1, 2010.~~ Applications for ~~subsequent years'~~ certification must be made available on the department's website by November 1 of the preceding year.

(b) Within 30 days of receiving an application for certification under this subdivision, the commissioner must either certify the investor as satisfying the conditions required of a qualified investor, request additional information from the investor, or reject the application for certification. If the commissioner requests additional information from the investor, the commissioner must either certify the investor or reject the application within 30 days of receiving the additional information. If the commissioner neither certifies the investor nor rejects the application within 30 days of receiving the original application or within 30 days of receiving the additional information requested, whichever is later, then the application is deemed rejected, and the commissioner must refund the \$350 application fee. An investor who applies for certification and is rejected may reapply.

(c) To receive certification, an investor must (1) be a natural person; and (2) certify to the commissioner that the investor will only invest in a transaction that is exempt under section 80A.46, clause (13) or (14), in a security exempt under section 80A.461, or in a security registered under section 80A.50, paragraph (b).

(d) In order for a qualified investment in a qualified small business to be eligible for tax credits, a qualified investor who makes the investment must have applied for and received certification for the calendar year prior to making the qualified investment, except in the case of an investor who is not an accredited investor, within the meaning of Regulation D of the Securities and Exchange Commission, Code of Federal Regulations, title 17, section 230.501, paragraph (a), application for certification may be made within 30 days after making the qualified investment.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 4. Minnesota Statutes 2018, section 116J.8737, subdivision 4, is amended to read:

Subd. 4. **Certification of qualified funds.** (a) A pass-through entity may apply to the commissioner for certification as a qualified fund for a calendar year. The application must be in the form and be made under the procedures specified by the commissioner, accompanied by an application fee of \$1,000. Application fees are deposited in the small business investment tax credit administration account in the special revenue fund. ~~The application for certification for 2010 of qualified funds must be made available on the department's website by August 1, 2010.~~ Applications for ~~subsequent years'~~ certification must be made available by November 1 of the preceding year.

(b) Within 30 days of receiving an application for certification under this subdivision, the commissioner must either certify the fund as satisfying the conditions required of a qualified fund, request additional information from the fund, or reject the application for certification. If the commissioner requests additional information from the fund, the commissioner must either certify the fund or reject the application within 30 days of receiving the additional information. If the commissioner neither certifies the fund nor rejects the application within 30 days of receiving the original application or within 30 days of receiving the additional information requested, whichever is later, then the application is deemed rejected, and the commissioner must refund the \$1,000 application fee. A fund that applies for certification and is rejected may reapply.

(c) To receive certification, a fund must:

- (1) invest or intend to invest in qualified small businesses;
- (2) be organized as a pass-through entity; and
- (3) have at least three separate investors, of whom at least three whose investment is made in the certified business and who seek a tax credit allocation satisfy the conditions in subdivision 3, paragraph (c).
- (d) Investments in the fund may consist of equity investments or notes that pay interest or other fixed amounts, or any combination of both.
- (e) In order for a qualified investment in a qualified small business to be eligible for tax credits, a qualified fund that makes the investment must have applied for and received certification for the calendar year prior to making the qualified investment.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 5. Minnesota Statutes 2018, section 116J.8737, subdivision 5, is amended to read:

Subd. 5. **Credit allowed.** (a)~~(1)~~ A qualified investor or qualified fund is eligible for a credit equal to 25 percent of the qualified investment in a qualified small business. Investments made by a pass-through entity qualify for a credit only if the entity is a qualified fund. The commissioner must not allocate more than ~~\$15,000,000~~ \$10,000,000 in credits to qualified investors or qualified funds for taxable years beginning after December 31, ~~2013, and before January 1, 2017, and must not allocate more than \$10,000,000 in credits to qualified investors or qualified funds for taxable years beginning after December 31, 2016, and before January 1, 2018; and (2) for taxable years beginning after December 31, 2014, and before January 1, 2018, and before January 1, 2021. For each taxable year, 50 percent must be allocated to credits for qualifying investments in qualified greater Minnesota businesses and minority- or women-owned qualified small businesses in Minnesota. Any portion of a taxable year's credits that is reserved for qualifying investments in greater Minnesota businesses and minority- or women-owned qualified small businesses in Minnesota that is not allocated by September 30 of the taxable year is available for allocation to other credit applications beginning on October 1. Any portion of a taxable year's credits that is not allocated by the commissioner does not cancel and may be carried forward to subsequent taxable years until all credits have been allocated.~~

(b) The commissioner may not allocate more than a total maximum amount in credits for a taxable year to a qualified investor for the investor's cumulative qualified investments as an individual qualified investor and as an investor in a qualified fund; for married couples filing joint returns the maximum is \$250,000, and for all other filers the maximum is \$125,000. The commissioner may not allocate more than a total of \$1,000,000 in credits over all taxable years for qualified investments in any one qualified small business.

(c) The commissioner may not allocate a credit to a qualified investor either as an individual qualified investor or as an investor in a qualified fund if, at the time the investment is proposed:

- (1) the investor is an officer or principal of the qualified small business; or
- (2) the investor, either individually or in combination with one or more members of the investor's family, owns, controls, or holds the power to vote 20 percent or more of the outstanding securities of the qualified small business.

A member of the family of an individual disqualified by this paragraph is not eligible for a credit under this section. For a married couple filing a joint return, the limitations in this paragraph apply collectively to the investor and spouse. For purposes of determining the ownership interest of an investor under this paragraph, the rules under section 267(c) and 267(e) of the Internal Revenue Code apply.

(d) Applications for tax credits for 2010 must be made available on the department's website by September 1, 2010, and the department must begin accepting applications by September 1, 2010. Applications for subsequent years must be made available by November 1 of the preceding year.

(e) Qualified investors and qualified funds must apply to the commissioner for tax credits. Tax credits must be allocated to qualified investors or qualified funds in the order that the tax credit request applications are filed with the department. The commissioner must approve or reject tax credit request applications within 15 days of receiving the application. The investment specified in the application must be made within 60 days of the allocation of the credits. If the investment is not made within 60 days, the credit allocation is canceled and available for reallocation. A qualified investor or qualified fund that fails to invest as specified in the application, within 60 days of allocation of the credits, must notify the commissioner of the failure to invest within five business days of the expiration of the 60-day investment period.

(f) All tax credit request applications filed with the department on the same day must be treated as having been filed contemporaneously. If two or more qualified investors or qualified funds file tax credit request applications on the same day, and the aggregate amount of credit allocation claims exceeds the aggregate limit of credits under this section or the lesser amount of credits that remain unallocated on that day, then the credits must be allocated among the qualified investors or qualified funds who filed on that day on a pro rata basis with respect to the amounts claimed. The pro rata allocation for any one qualified investor or qualified fund is the product obtained by multiplying a fraction, the numerator of which is the amount of the credit allocation claim filed on behalf of a qualified investor and the denominator of which is the total of all credit allocation claims filed on behalf of all applicants on that day, by the amount of credits that remain unallocated on that day for the taxable year.

(g) A qualified investor or qualified fund, or a qualified small business acting on their behalf, must notify the commissioner when an investment for which credits were allocated has been made, and the taxable year in which the investment was made. A qualified fund must also provide the commissioner with a statement indicating the amount invested by each investor in the qualified fund based on each investor's share of the assets of the qualified fund at the time of the qualified investment. After receiving notification that the investment was made, the commissioner must issue credit certificates for the taxable year in which the investment was made to the qualified investor or, for an investment made by a qualified fund, to each qualified investor who is an investor in the fund. The certificate must state that the credit is subject to revocation if the qualified investor or qualified fund does not hold the investment in the qualified small business for at least three years, consisting of the calendar year in which the investment was made and the two following years. The three-year holding period does not apply if:

(1) the investment by the qualified investor or qualified fund becomes worthless before the end of the three-year period;

(2) 80 percent or more of the assets of the qualified small business is sold before the end of the three-year period;

(3) the qualified small business is sold before the end of the three-year period;

(4) the qualified small business's common stock begins trading on a public exchange before the end of the three-year period; or

(5) the qualified investor dies before the end of the three-year period.

(h) The commissioner must notify the commissioner of revenue of credit certificates issued under this section.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 6. Minnesota Statutes 2018, section 116J.8737, subdivision 6, is amended to read:

Subd. 6. **Annual reports.** (a) By February 1 of each year each qualified small business that received an investment that qualified for a credit, and each qualified investor and qualified fund that made an investment that qualified for a credit, must submit an annual report to the commissioner and pay a filing fee of \$100 as required under this subdivision. Each qualified investor and qualified fund must submit reports for three years following each year in which it made an investment that qualified for a credit, and each qualified small business must submit reports for five years following the year in which it received an investment qualifying for a credit. Reports must be made in the form required by the commissioner. All filing fees collected are deposited in the small business investment tax credit administration account in the special revenue fund.

(b) A report from a qualified small business must certify that the business satisfies the following requirements:

(1) the business has its headquarters in Minnesota;

(2) at least 51 percent of the business's employees are employed in Minnesota, and 51 percent of the business's total payroll is paid or incurred in the state;

(3) that the business is engaged in, or is committed to engage in, innovation in Minnesota as defined under subdivision 2; and

(4) that the business meets the payroll requirements in subdivision 2, paragraph (c), clause (6).

(c) Reports from qualified investors must certify that the investor remains invested in the qualified small business as required by subdivision 5, paragraph (g).

(d) Reports from qualified funds must certify that the fund remains invested in the qualified small business as required by subdivision 5, paragraph (g).

(e) A qualified small business that ceases all operations and becomes insolvent must file a final annual report in the form required by the commissioner documenting its insolvency. In following years the business is exempt from the annual reporting requirement, the report filing fee, and the fine for failure to file a report.

(f) A qualified small business, qualified investor, or qualified fund that fails to file an annual report by February 1 as required under this subdivision is subject to a ~~\$500~~ \$100 fine.

(g) A qualified investor or qualified fund that fails to file an annual report by April 1 may, at the commissioner's discretion, have any credit allocated and certified to the investor or fund revoked and such credit must be repaid by the investor.

(h) A qualified business that fails to file an annual report by April 1 may, at the commissioner's discretion, be subject to the credit repayment provisions in subdivision 7, paragraph (b).

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 7. Minnesota Statutes 2018, section 116J.8737, subdivision 12, is amended to read:

Subd. 12. **Sunset.** This section expires for taxable years beginning after December 31, ~~2017~~ 2020, except that reporting requirements under subdivision 6 and revocation of credits under subdivision 7 remain in effect through ~~2019~~ 2022 for qualified investors and qualified funds, and through ~~2021~~ 2024 for qualified small businesses, reporting requirements under subdivision 9 remain in effect through ~~2022~~ 2020, and the appropriation in subdivision 11 remains in effect through ~~2021~~ 2024.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 8. Minnesota Statutes 2018, section 270C.13, subdivision 2, is amended to read:

Subd. 2. **Bill analyses.** At the request of the chair or ranking minority member of the house of representatives Tax Committee or the senate Committee on Taxes and Tax Laws, the commissioner shall prepare an incidence impact analysis of a bill or a proposal to change the tax system which increases, decreases, or redistributes taxes by more than \$20,000,000. To the extent data is available on the changes in the distribution of the tax burden that are affected by the bill or proposal, the analysis shall report on the incidence effects that would result if the bill were enacted. The report may present information using systemwide measures, such as Suits or other similar indexes, by income classes, taxpayer characteristics, or other relevant categories. The report may include analyses of the effect of the bill or proposal on representative taxpayers. The analysis must include a statement of the incidence assumptions that were used in computing the burdens. For purposes of this subdivision, "ranking minority member" means the ranking minority member from the largest minority party in the body.

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

Sec. 9. Minnesota Statutes 2018, section 289A.10, subdivision 1, is amended to read:

Subdivision 1. **Return required.** (a) In the case of a decedent who has an interest in property with a situs in Minnesota, the personal representative must submit a Minnesota estate tax return to the commissioner, on a form prescribed by the commissioner, if:

(1) a federal estate tax return is required to be filed; or

(2) the sum of the federal gross estate and federal adjusted taxable gifts, as defined in section 2001(b) of the Internal Revenue Code, made within three years of the date of the decedent's death exceeds ~~\$1,200,000 for estates of decedents dying in 2014; \$1,400,000 for estates of decedents dying in 2015; \$1,600,000 for estates of decedents dying in 2016; \$2,100,000 for estates of decedents dying in 2017; \$2,400,000 for estates of decedents dying in 2018; and \$2,700,000 for estates of decedents dying in 2019; and \$3,000,000 for estates of decedents dying in 2020~~ and thereafter.

(b) The return must contain a computation of the Minnesota estate tax due. The return must be signed by the personal representative.

**EFFECTIVE DATE.** This section is effective retroactively for estates of decedents dying in 2019 and thereafter.

Sec. 10. Minnesota Statutes 2018, section 290.01, subdivision 4a, is amended to read:

Subd. 4a. **Financial institution.** (a) "Financial institution" means:

(1) any corporation or other business entity registered (i) under state law as a bank holding company; (ii) under the federal Bank Holding Company Act of 1956, as amended; or (iii) as a savings and loan holding company under the federal National Housing Act, as amended;

(2) a national bank organized and existing as a national bank association pursuant to the provisions of United States Code, title 12, chapter 2;

(3) a savings association or federal savings bank as defined in United States Code, title 12, section 1813(b)(1);

(4) any bank or thrift institution incorporated or organized under the laws of any state;

(5) any corporation organized under United States Code, title 12, sections 611 to 631;

(6) any agency or branch of a foreign depository as defined under United States Code, title 12, section 3101;

(7) any corporation or other business entity that is more than 50 percent owned, directly or indirectly, by any person or business entity described in clauses (1) to (6), other than an insurance company taxable under chapter 297I;

(8) a corporation or other business entity that derives more than 50 percent of its total gross income for financial accounting purposes from finance leases. For the purposes of this clause, "gross income" means the average from the current tax year and immediately preceding two years and excludes gross income from incidental or occasional transactions. For purposes of this clause, "finance lease" means any lease transaction that is the functional equivalent of an extension of credit and that transfers substantially all the benefits and risks incident to the ownership of property, including any direct financing lease or leverage lease that meets the criteria of Financial Accounting Standards Board Statement No. 13, accounting for leases, or any other lease that is accounted for as financing by a lessor under generally accepted accounting principles; or

(9) any other person or business entity, other than an insurance company ~~taxable under chapter 297I~~, that derives more than 50 percent of its gross income from activities that an entity described in clauses (2) to (6) or (8) is authorized to transact. For the purposes of this clause, gross income does not include income from nonrecurring, extraordinary items.

(b) The commissioner is authorized to exclude any person from the application of paragraph (a), clause (9), if the person proves by clear and convincing evidence that the person's income-producing activity is not in substantial competition with any person described in paragraph (a), clauses (2) to (6) or (8).

**EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning after December 31, 2016.

Sec. 11. Minnesota Statutes 2018, section 290.01, is amended by adding a subdivision to read:

**Subd. 5c. Disqualified captive insurance company.** (a) "Captive insurance company" means a company that:

(1) is licensed as a captive insurance company under the laws of any state or foreign country; or

(2) derives less than 50 percent of its total premiums for the taxable year from sources outside of the unitary business, as that term is used in section 290.17.

(b) A captive insurance company is a "disqualified captive insurance company" if the company:

(1) pays less than 0.5 percent of its total premiums for the taxable year in tax under chapter 297I or a comparable tax of another state; or

(2) receives less than 50 percent of its gross receipts for the taxable year from premiums.

(c) For purposes of this subdivision, "premiums" means amounts paid for arrangements that constitute insurance for federal income tax purposes, but excludes return premiums, premiums for reinsurance assumed from other insurance companies, and any other premiums that are or would be exempt from taxation under section 297I.05 as a result of their type or character, if the insurance was for business in Minnesota.

**EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning after December 31, 2016.

Sec. 12. Minnesota Statutes 2018, section 290.0132, subdivision 26, is amended to read:

Subd. 26. **Social Security benefits.** (a) A portion of taxable Social Security benefits is allowed as a subtraction. The subtraction equals the lesser of taxable Social Security benefits or a maximum subtraction subject to the limits under paragraphs (b), (c), and (d).

(b) For married taxpayers filing a joint return and surviving spouses, the maximum subtraction equals ~~\$4,500~~ \$6,000. The maximum subtraction is reduced by 20 percent of provisional income over ~~\$77,000~~ \$74,000. In no case is the subtraction less than zero.

(c) For single or head-of-household taxpayers, the maximum subtraction equals ~~\$3,500~~ \$4,500. The maximum subtraction is reduced by 20 percent of provisional income over ~~\$60,200~~ \$58,700. In no case is the subtraction less than zero.

(d) For married taxpayers filing separate returns, the maximum subtraction equals ~~\$2,250~~ \$3,000. The maximum subtraction is reduced by 20 percent of provisional income over ~~\$38,500~~ \$37,000. In no case is the subtraction less than zero.

(e) For purposes of this subdivision, "provisional income" means modified adjusted gross income as defined in section 86(b)(2) of the Internal Revenue Code, plus one-half of the taxable Social Security benefits received during the taxable year, and "Social Security benefits" has the meaning given in section 86(d)(1) of the Internal Revenue Code.

(f) The commissioner shall adjust the maximum subtraction and threshold amounts in paragraphs (b) to (d) ~~by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) of the Internal Revenue Code the word "2016" shall be substituted for the word "1992."~~ For 2018, the commissioner shall then determine the percentage change from the 12 months ending on August 31, 2016, to the 12 months ending on August 31, 2017, and in each subsequent year, from the 12 months ending on August 31, 2016, to the 12 months ending on August 31 of the year preceding the taxable year. The determination of the commissioner pursuant to this subdivision must not be considered a rule and is not subject to the Administrative Procedure Act contained in chapter 14, including section 14.386 as provided in section 270C.22. The statutory year is taxable year 2019. The maximum subtraction and threshold amounts as adjusted must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount.

**EFFECTIVE DATE.** (a) The amendments to paragraphs (b), (c), and (d) are effective for taxable years beginning after December 31, 2018.

(b) The amendments to paragraphs (a) and (e) are effective retroactively for taxable years beginning after December 31, 2017.

(c) The amendments to paragraph (f) are effective for adjustments beginning with taxable years beginning after December 31, 2019.

Sec. 13. Minnesota Statutes 2018, section 290.0132, is amended by adding a subdivision to read:

Subd. 27. **Disallowed section 280E expenses; medical cannabis manufacturers.** The amount of expenses of a medical cannabis manufacturer, as defined under section 152.22, subdivision 7, related to the business of medical cannabis under sections 152.21 to 152.37, and not allowed for federal income tax purposes under section 280E of the Internal Revenue Code is a subtraction.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.



Sec. 14. Minnesota Statutes 2018, section 290.0134, is amended by adding a subdivision to read:

Subd. 17. **Disallowed section 280E expenses; medical cannabis manufacturers.** The amount of expenses of a medical cannabis manufacturer, as defined under section 152.22, subdivision 7, related to the business of medical cannabis under sections 152.21 to 152.37, and not allowed for federal income tax purposes under section 280E of the Internal Revenue Code is a subtraction.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 15. Minnesota Statutes 2018, section 290.05, subdivision 1, is amended to read:

Subdivision 1. **Exempt entities.** The following corporations, individuals, estates, trusts, and organizations shall be exempted from taxation under this chapter, provided that every such person or corporation claiming exemption under this chapter, in whole or in part, must establish to the satisfaction of the commissioner the taxable status of any income or activity:

(a) corporations, individuals, estates, and trusts engaged in the business of mining or producing iron ore and mining, producing, or refining other ores, metals, and minerals, the mining, production, or refining of which is subject to the occupation tax imposed by section 298.01; but if any such corporation, individual, estate, or trust engages in any other business or activity or has income from any property not used in such business it shall be subject to this tax computed on the net income from such property or such other business or activity. Royalty shall not be considered as income from the business of mining or producing iron ore within the meaning of this section;

(b) the United States of America, the state of Minnesota or any political subdivision of either agencies or instrumentalities, whether engaged in the discharge of governmental or proprietary functions; and

(c) any insurance company, ~~as defined in section 290.17, subdivision 4, paragraph (j), but including any insurance company licensed and domiciled in another state that grants, on a reciprocal basis, exemption from retaliatory taxes other than a disqualified captive insurance company.~~

**EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning after December 31, 2016.

Sec. 16. **[290.055] ADDITIONAL TAX ON CAPITAL GAIN INCOME.**

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

(b) "Net capital gain" has the meaning given in section 1222 of the Internal Revenue Code.

(c) "Preferential rate income" means the lesser of:

(1) a taxpayer's adjusted net capital gain, as defined in section 1(h)(3) of the Internal Revenue Code, but excluding a capital gain resulting from the sale of property classified as 2a property under section 273.13, subdivision 23; or

(2) the taxpayer's federal taxable income, as defined in section 63 of the Internal Revenue Code.

Subd. 2. **Tax imposed; capital gains.** In addition to the taxes imposed under sections 289A.08, subdivision 7, 290.03, and 290.091, an individual, trust, or estate is liable for a tax equal to three percent of preferential rate income in excess of \$500,000.

Subd. 3. **Nonresidents.** (a) For an individual who is not a resident for the entire taxable year, the tax under subdivision 2 is imposed in an amount equal to: (1) the amount calculated under subdivision 2 for the full year and for all preferential rate income; multiplied by (2) the Minnesota percentage determined under paragraph (b).

(b) "Minnesota percentage" equals:

(1) the sum of the following amounts for the taxable year:

(i) net capital gain from the sale of real property located in Minnesota and tangible personal property with a situs in Minnesota on the date of the sale; plus

(ii) adjusted net capital gain, other than gain included under item (i), received during a period when the taxpayer was domiciled in Minnesota; divided by

(2) the total amount of preferential rate income for the taxable year.

Subd. 4. **Credits for taxes paid to another state.** For purposes of computing the credit for taxes paid to another state under section 290.06, subdivision 22, if the net long-term capital gain qualified for an exclusion, deduction, or exemption, in whole or part, from taxation under the other state's tax, the tax under this section used to calculate the credit must be reduced by three percent of the dollar amount of the exclusion, deduction, or exemption amount that applies under the other state's tax.

**EFFECTIVE DATE.** This section is effective for preferential rate income recognized in taxable years beginning after December 31, 2018.

Sec. 17. Minnesota Statutes 2018, section 290.06, subdivision 2c, is amended to read:

Subd. 2c. **Schedules of rates for individuals, estates, and trusts.** (a) The income taxes imposed by this chapter upon married individuals filing joint returns and surviving spouses as defined in section 2(a) of the Internal Revenue Code must be computed by applying to their taxable net income the following schedule of rates:

- (1) On the first ~~\$35,480~~ \$40,240, 5.35 percent;
- (2) On all over ~~\$35,480~~ \$40,240, but not over ~~\$140,960~~ \$150,900, 7.05 percent;
- (3) On all over ~~\$140,960~~ \$150,900, but not over ~~\$250,000~~ \$273,150, 7.85 percent;
- (4) On all over ~~\$250,000~~ \$273,150, 9.85 percent.

Married individuals filing separate returns, estates, and trusts must compute their income tax by applying the above rates to their taxable income, except that the income brackets will be one-half of the above amounts after the adjustment required in subdivision 2d.

(b) The income taxes imposed by this chapter upon unmarried individuals must be computed by applying to taxable net income the following schedule of rates:

- (1) On the first ~~\$24,270~~ \$27,520, 5.35 percent;
- (2) On all over ~~\$24,270~~ \$27,520, but not over ~~\$79,730~~ \$84,990, 7.05 percent;
- (3) On all over ~~\$79,730~~ \$84,990, but not over ~~\$150,000~~ \$163,890, 7.85 percent;

(4) On all over ~~\$150,000~~ \$163,890, 9.85 percent.

(c) The income taxes imposed by this chapter upon unmarried individuals qualifying as a head of household as defined in section 2(b) of the Internal Revenue Code must be computed by applying to taxable net income the following schedule of rates:

(1) On the first ~~\$29,880~~ \$33,880, 5.35 percent;

(2) On all over ~~\$29,880~~ \$33,880, but not over ~~\$120,070~~ \$128,580, 7.05 percent;

(3) On all over ~~\$120,070~~ \$128,580, but not over ~~\$200,000~~ \$218,520, 7.85 percent;

(4) On all over ~~\$200,000~~ \$218,520, 9.85 percent.

(d) In lieu of a tax computed according to the rates set forth in this subdivision, the tax of any individual taxpayer whose taxable net income for the taxable year is less than an amount determined by the commissioner must be computed in accordance with tables prepared and issued by the commissioner of revenue based on income brackets of not more than \$100. The amount of tax for each bracket shall be computed at the rates set forth in this subdivision, provided that the commissioner may disregard a fractional part of a dollar unless it amounts to 50 cents or more, in which case it may be increased to \$1.

(e) An individual who is not a Minnesota resident for the entire year must compute the individual's Minnesota income tax as provided in this subdivision. After the application of the nonrefundable credits provided in this chapter, the tax liability must then be multiplied by a fraction in which:

(1) the numerator is the individual's Minnesota source federal adjusted gross income as defined in section 62 of the Internal Revenue Code and increased by the additions required under section 290.0131, subdivisions 2 ~~and~~ 6, 8 to ~~4~~ 10, and 16, and reduced by the Minnesota assignable portion of the subtraction for United States government interest under section 290.0132, subdivision 2, and the subtractions under section 290.0132, subdivisions 9, 10, 14, 15, 17, ~~and~~ 18, and 27, after applying the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

(2) the denominator is the individual's federal adjusted gross income as defined in section 62 of the Internal Revenue Code, increased by the amounts specified in section 290.0131, subdivisions 2 ~~and~~ 6 to 14, 8 to 10, and 16, and reduced by the amounts specified in section 290.0132, subdivisions 2, 9, 10, 14, 15, 17, ~~and~~ 18, and 27.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 18. Minnesota Statutes 2018, section 290.0671, subdivision 1, is amended to read:

Subdivision 1. **Credit allowed.** (a) An individual who is a resident of Minnesota is allowed a credit against the tax imposed by this chapter equal to a percentage of earned income. To receive a credit, a taxpayer must be eligible for a credit under section 32 of the Internal Revenue Code, except that:

(1) a taxpayer with no qualifying children who has attained the age of 21, but not attained age 65 before the close of the taxable year and is otherwise eligible for a credit under section 32 of the Internal Revenue Code may also receive a credit; and

(2) a taxpayer who is otherwise eligible for a credit under section 32 of the Internal Revenue Code remains eligible for the credit even if the taxpayer's earned income or adjusted gross income exceeds the income limitation under section 32 of the Internal Revenue Code.

(b) For individuals with no qualifying children, the credit equals ~~2.10~~ 3.9 percent of the first ~~\$6,180~~ \$7,150 of earned income. The credit is reduced by ~~2.01~~ 2.0 percent of earned income or adjusted gross income, whichever is greater, in excess of ~~\$8,130~~ the phase-out threshold, but in no case is the credit less than zero.

(c) For individuals with one qualifying child, the credit equals ~~9.35~~ 9.5 percent of the first ~~\$11,120~~ \$12,350 of earned income. The credit is reduced by ~~6.02~~ 6.0 percent of earned income or adjusted gross income, whichever is greater, in excess of ~~\$21,190~~ the phase-out threshold, but in no case is the credit less than zero.

(d) For individuals with two ~~or more~~ qualifying children, the credit equals ~~11~~ 12 percent of the first ~~\$18,240~~ \$18,450 of earned income. The credit is reduced by ~~10.82~~ 10.5 percent of earned income or adjusted gross income, whichever is greater, in excess of ~~\$25,130~~ the phase-out threshold, but in no case is the credit less than zero.

(e) For individuals with three or more qualifying children, the credit equals 12.5 percent of the first \$20,000 of earned income. The credit is reduced by 10.5 percent of earned income or adjusted gross income, whichever is greater, in excess of the phase-out threshold, but in no case is the credit less than zero.

(f) For a part-year resident, the credit must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

~~(f)~~ (g) For a person who was a resident for the entire tax year and has earned income not subject to tax under this chapter, including income excluded under section 290.0132, subdivision 10, the credit must be allocated based on the ratio of federal adjusted gross income reduced by the earned income not subject to tax under this chapter over federal adjusted gross income. For purposes of this paragraph, the following clauses are not considered "earned income not subject to tax under this chapter":

(1) the subtractions for military pay under section 290.0132, subdivisions 11 and 12;

(2) the exclusion of combat pay under section 112 of the Internal Revenue Code; and

(3) income derived from an Indian reservation by an enrolled member of the reservation while living on the reservation.

~~(g) For tax years beginning after December 31, 2013, the \$8,130 in paragraph (b), the \$21,190 in paragraph (c), and the \$25,130 in paragraph (d), after being adjusted for inflation under subdivision 7, are each increased by \$5,000 for married taxpayers filing joint returns. For tax years beginning after December 31, 2013, the commissioner shall annually adjust the \$5,000 by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B), the word "2008" shall be substituted for the word "1992." For 2014, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2008, to the 12 months ending on August 31, 2013, and in each subsequent year, from the 12 months ending on August 31, 2008, to the 12 months ending on August 31 of the year preceding the taxable year. The earned income thresholds as adjusted for inflation must be rounded to the nearest \$10. If the amount ends in \$5, the amount is rounded up to the nearest \$10. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act.~~

(h) For the purposes of this section, the phase-out threshold equals:

(1) \$14,570 for married taxpayers filing joint returns with no qualifying children;

(2) \$8,730 for all other taxpayers with no qualifying children;

(3) \$28,610 for married taxpayers filing joint returns with one qualifying child;

(4) \$22,770 for all other taxpayers with one qualifying child;

(5) \$32,840 for married taxpayers filing joint returns with two qualifying children;

(6) \$27,000 for all other taxpayers with two qualifying children;

(7) \$32,840 for married taxpayers filing joint returns with three or more qualifying children; and

(8) \$27,000 for all other taxpayers with three or more qualifying children.

(i) The commissioner shall construct tables showing the amount of the credit at various income levels and make them available to taxpayers. The tables shall follow the schedule contained in this subdivision, except that the commissioner may graduate the transition between income brackets.

(j) By January 1, 2021, the commissioner must submit to the committees of the house of representatives and the senate with jurisdiction over taxes an audit study of the credit allowed under this section. The report must include an estimate of the number of returns that claimed a larger credit than the taxpayer is eligible to receive in tax year 2018, as well as an estimate of the cost to the state resulting from overpayment of credits. If the commissioner estimates that more than 20 percent of credit claimants claimed a larger credit than they were eligible to receive, the credit under this section is suspended for taxable years beginning after December 31, 2020.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 19. Minnesota Statutes 2018, section 290.0677, subdivision 1a, is amended to read:

Subd. 1a. **Credit allowed; past military service.** (a) A qualified individual is allowed a credit against the tax imposed under this chapter for past military service. The credit equals \$750. The credit allowed under this subdivision is reduced by ten percent of adjusted gross income in excess of ~~\$30,000~~ \$50,000, but in no case is the credit less than zero.

(b) For a nonresident or a part-year resident, the credit under this subdivision must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 20. Minnesota Statutes 2018, section 290.0682, subdivision 1, is amended to read:

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

(b) "Adjusted gross income" means federal adjusted gross income as defined in section 62 of the Internal Revenue Code.

(c) "Earned income" has the meaning given in ~~section 32(e) of the Internal Revenue Code~~ section 290.0675, subdivision 1, paragraph (b).

(d) "Eligible individual" means a resident individual with one or more qualified education loans related to an undergraduate or graduate degree program at a postsecondary educational institution.

(e) "Eligible loan payments" means the amount the eligible individual paid during the taxable year in principal and interest on qualified education loans.

(f) "Postsecondary educational institution" means a public or nonprofit postsecondary institution eligible for state student aid under section 136A.103 or, if the institution is not located in this state, a public or nonprofit postsecondary institution participating in the federal Pell Grant program under title IV of the Higher Education Act of 1965, Public Law 89-329, as amended.

(g) "Qualified education loan" has the meaning given in section 221 of the Internal Revenue Code, but is limited to indebtedness incurred on behalf of the eligible individual.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 21. Minnesota Statutes 2018, section 290.0682, subdivision 2, is amended to read:

Subd. 2. **Credit allowed.** (a) An eligible individual is allowed a credit against the tax due under this chapter.

(b) The credit for an eligible individual equals the least of:

(1) eligible loan payments minus ten percent of an amount equal to adjusted gross income in excess of \$10,000, but in no case less than zero;

(2) the earned income for the taxable year of the eligible individual, if any;

(3) the sum of:

(i) the interest portion of eligible loan payments made during the taxable year; and

(ii) ten percent of the original loan amount of all qualified education loans of the eligible individual; or

(4) \$500.

(c) For a part-year resident, the credit must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

(d) In the case of a married couple, each spouse is eligible for the credit in this section. For the purposes of paragraph (b), for married couples filing joint returns, each spouse's adjusted gross income equals the spouse's percentage share of the couple's earned income, multiplied by the couple's adjusted gross income.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 22. Minnesota Statutes 2018, section 290.0684, subdivision 2, is amended to read:

Subd. 2. **Credit allowed.** (a) An individual who is a resident of Minnesota is allowed a credit against the tax imposed by this chapter. The credit is not allowed to an individual who is eligible to be claimed as a dependent, as defined in sections 151 and 152 of the Internal Revenue Code. The credit may not exceed the liability for tax under this chapter.

(b) The amount of the credit allowed equals 50 percent of contributions for the taxable year. The maximum credit is \$500, subject to the phaseout in paragraphs (c) and (d). In no case is the credit less than zero.

(c) For individual filers, the maximum credit is reduced by two percent of adjusted gross income in excess of \$75,000.

(d) For married couples filing a joint return, the maximum credit is phased out as follows:

(1) for married couples with adjusted gross income in excess of \$75,000, but not more than ~~\$100,000~~ \$135,000, the maximum credit is reduced by one percent of adjusted gross income in excess of \$75,000 until the maximum credit amount equals \$250; and

~~(2) for married couples with adjusted gross income in excess of \$100,000, but not more than \$135,000, the maximum credit is \$250; and~~

~~(3)~~ (2) for married couples with adjusted gross income in excess of \$135,000, the maximum credit is \$250, reduced by one percent of adjusted gross income in excess of \$135,000.

(e) The income thresholds in paragraphs (c) and (d) used to calculate the maximum credit must be adjusted for inflation. The commissioner shall adjust the income thresholds by the percentage determined under the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "2016" is substituted for the word "1992." For 2018, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2016, to the 12 months ending on August 31, 2017, and in each subsequent year, from the 12 months ending on August 31, 2016, to the 12 months ending on August 31 of the year preceding the taxable year. The income thresholds as adjusted for inflation must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount. The determination of the commissioner under this subdivision is not subject to chapter 14, including section 14.386.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2019.

Sec. 23. Minnesota Statutes 2018, section 290.0685, subdivision 1, is amended to read:

Subdivision 1. **Credit allowed.** (a) An eligible individual is allowed a credit against the tax imposed by this chapter equal to \$2,000 for each ~~birth for which a certificate of birth resulting in stillbirth has been issued under section 144.2154~~ stillbirth. The credit under this section is allowed only in the taxable year in which the stillbirth occurred ~~and if the child would have been a dependent of the taxpayer as defined in section 152 of the Internal Revenue Code.~~

(b) For a ~~nonresident or~~ part-year resident, the credit must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

**EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning after December 31, 2015.

Sec. 24. Minnesota Statutes 2018, section 290.0685, is amended by adding a subdivision to read:

**Subd. 1a. Definitions.** (a) For purposes of this section, the following terms have the meanings given, unless the context clearly indicates otherwise.

(b) "Certificate of birth" means the printed certificate of birth resulting in stillbirth issued by the commissioner of health under section 144.2151 or for a birth occurring in another state or country a similar certificate issued under that state's or country's law.

(c) "Eligible individual" means an individual who is:

(1)(i) a resident; or

(ii) the nonresident spouse of a resident who is a member of armed forces of the United States or the United Nations; and

(2)(i) the individual listed first as a parent on the certificate of birth; or

(ii) the individual who gave birth resulting in stillbirth for a birth outside of this state for which no certificate of birth was issued.

(d) "Stillbirth" means a birth for which a fetal death report would be required under section 144.222, subdivision 1, if the birth occurred in this state.

**EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning after December 31, 2015.

Sec. 25. Minnesota Statutes 2018, section 290.0921, subdivision 3, is amended to read:

Subd. 3. **Alternative minimum taxable income.** "Alternative minimum taxable income" is Minnesota net income as defined in section 290.01, subdivision 19, and includes the adjustments and tax preference items in sections 56, 57, 58, and 59(d), (e), (f), and (h) of the Internal Revenue Code. If a corporation files a separate company Minnesota tax return, the minimum tax must be computed on a separate company basis. If a corporation is part of a tax group filing a unitary return, the minimum tax must be computed on a unitary basis. The following adjustments must be made.

(1) The portion of the depreciation deduction allowed for federal income tax purposes under section 168(k) of the Internal Revenue Code that is required as an addition under section 290.0133, subdivision 11, is disallowed in determining alternative minimum taxable income.

(2) The subtraction for depreciation allowed under section 290.0134, subdivision 13, is allowed as a depreciation deduction in determining alternative minimum taxable income.

(3) The alternative tax net operating loss deduction under sections 56(a)(4) and 56(d) of the Internal Revenue Code does not apply.

(4) The special rule for certain dividends under section 56(g)(4)(C)(ii) of the Internal Revenue Code does not apply.

(5) The tax preference for depletion under section 57(a)(1) of the Internal Revenue Code does not apply.

(6) The tax preference for tax exempt interest under section 57(a)(5) of the Internal Revenue Code does not apply.

(7) The tax preference for charitable contributions of appreciated property under section 57(a)(6) of the Internal Revenue Code does not apply.

(8) For purposes of calculating the adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code, the term "alternative minimum taxable income" as it is used in section 56(g) of the Internal Revenue Code, means alternative minimum taxable income as defined in this subdivision, determined without regard to the adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code.



(9) For purposes of determining the amount of adjusted current earnings under section 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under section 56(g)(4) of the Internal Revenue Code with respect to (i) the amount of foreign dividend gross-up subtracted as provided in section 290.0134, subdivision 2, or (ii) the amount of refunds of income, excise, or franchise taxes subtracted as provided in section 290.0134, subdivision 8.

(10) Alternative minimum taxable income excludes the income from operating in a job opportunity building zone as provided under section 469.317.

Items of tax preference must not be reduced below zero as a result of the modifications in this subdivision.

(11) The subtraction for disallowed section 280E expenses under section 290.0134, subdivision 17, is allowed as a deduction in determining alternative minimum taxable income.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 26. Minnesota Statutes 2018, section 290.17, subdivision 4, is amended to read:

Subd. 4. **Unitary business principle.** (a) If a trade or business conducted wholly within this state or partly within and partly without this state is part of a unitary business, the entire income of the unitary business is subject to apportionment pursuant to section 290.191. Notwithstanding subdivision 2, paragraph (c), none of the income of a unitary business is considered to be derived from any particular source and none may be allocated to a particular place except as provided by the applicable apportionment formula. The provisions of this subdivision do not apply to business income subject to subdivision 5, income of an insurance company, or income of an investment company determined under section 290.36.

(b) The term "unitary business" means business activities or operations which result in a flow of value between them. The term may be applied within a single legal entity or between multiple entities and without regard to whether each entity is a sole proprietorship, a corporation, a partnership or a trust.

(c) Unity is presumed whenever there is unity of ownership, operation, and use, evidenced by centralized management or executive force, centralized purchasing, advertising, accounting, or other controlled interaction, but the absence of these centralized activities will not necessarily evidence a nonunitary business. Unity is also presumed when business activities or operations are of mutual benefit, dependent upon or contributory to one another, either individually or as a group.

(d) Where a business operation conducted in Minnesota is owned by a business entity that carries on business activity outside the state different in kind from that conducted within this state, and the other business is conducted entirely outside the state, it is presumed that the two business operations are unitary in nature, interrelated, connected, and interdependent unless it can be shown to the contrary.

(e) Unity of ownership does not exist when two or more corporations are involved unless more than 50 percent of the voting stock of each corporation is directly or indirectly owned by a common owner or by common owners, either corporate or noncorporate, or by one or more of the member corporations of the group. For this purpose, the term "voting stock" shall include membership interests of mutual insurance holding companies formed under section 66A.40.

(f) The net income and apportionment factors under section 290.191 or 290.20 of foreign corporations and other foreign entities, but excluding a disqualified captive insurance company, which are part of a unitary business shall not be included in the net income or the apportionment factors of the unitary business; except that the income and apportionment factors of a foreign entity, other than an entity treated as a C corporation for federal income tax purposes, that are included in the federal taxable income, as defined in section 63 of the Internal Revenue Code as

amended through the date named in section 290.01, subdivision 19, of a domestic corporation, domestic entity, or individual must be included in determining net income and the factors to be used in the apportionment of net income pursuant to section 290.191 or 290.20. A foreign corporation or other foreign entity which is not included on a combined report and which is required to file a return under this chapter shall file on a separate return basis.

(g) For purposes of determining the net income of a unitary business and the factors to be used in the apportionment of net income pursuant to section 290.191 or 290.20, there must be included only the income and apportionment factors of domestic corporations or other domestic entities that are determined to be part of the unitary business pursuant to this subdivision, notwithstanding that foreign corporations or other foreign entities might be included in the unitary business; except that the income and apportionment factors of a foreign entity, other than an entity treated as a C corporation for federal income tax purposes, that is included in the federal taxable income, as defined in section 63 of the Internal Revenue Code as amended through the date named in section 290.01, subdivision 19, of a domestic corporation, domestic entity, or individual must be included in determining net income and the factors to be used in the apportionment of net income pursuant to section 290.191 or 290.20.

(h) Each corporation or other entity, except a sole proprietorship, that is part of a unitary business must file combined reports as the commissioner determines. On the reports, all intercompany transactions between entities included pursuant to paragraph (g) must be eliminated and the entire net income of the unitary business determined in accordance with this subdivision is apportioned among the entities by using each entity's Minnesota factors for apportionment purposes in the numerators of the apportionment formula and the total factors for apportionment purposes of all entities included pursuant to paragraph (g) in the denominators of the apportionment formula. Except as otherwise provided by paragraph (f), all sales of the unitary business made within this state pursuant to section 290.191 or 290.20 must be included on the combined report of a corporation or other entity that is a member of the unitary business and is subject to the jurisdiction of this state to impose tax under this chapter.

(i) If a corporation has been divested from a unitary business and is included in a combined report for a fractional part of the common accounting period of the combined report:

(1) its income includable in the combined report is its income incurred for that part of the year determined by proration or separate accounting; and

(2) its sales, property, and payroll included in the apportionment formula must be prorated or accounted for separately.

(j) For purposes of this subdivision, "insurance company" means an insurance company, as defined in section 290.01, subdivision 5b, that is:

~~(1) licensed to engage in the business of insurance in Minnesota pursuant to chapter 60A; or~~

~~(2) domiciled and licensed to engage in the business of insurance in another state or country that imposes retaliatory taxes, fines, deposits, penalties, licenses, or fees and that does not grant, on a reciprocal basis, exemption from such retaliatory taxes to insurance companies or their agents domiciled in Minnesota.~~

~~(k) For purposes of this subdivision, "retaliatory taxes" means taxes imposed on insurance companies organized in another state or country that result from the fact that an insurance company organized in the taxing jurisdiction and doing business in the other jurisdiction is subject to taxes, fines, deposits, penalties, licenses, or fees in an amount exceeding that imposed by the taxing jurisdiction upon an insurance company organized in the other state or country and doing business to the same extent in the taxing jurisdiction not a disqualified captive insurance company.~~

**EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning after December 31, 2016.

Sec. 27. Minnesota Statutes 2018, section 290.191, subdivision 5, is amended to read:

Subd. 5. **Determination of sales factor.** For purposes of this section, the following rules apply in determining the sales factor.

(a) The sales factor includes all sales, gross earnings, or receipts received in the ordinary course of the business, except that the following types of income are not included in the sales factor:

(1) interest;

(2) dividends;

(3) sales of capital assets as defined in section 1221 of the Internal Revenue Code;

(4) sales of property used in the trade or business, except sales of leased property of a type which is regularly sold as well as leased; and

(5) sales of debt instruments as defined in section 1275(a)(1) of the Internal Revenue Code or sales of stock.

(b) Sales of tangible personal property are made within this state if the property is received by a purchaser at a point within this state, regardless of the f.o.b. point, other conditions of the sale, or the ultimate destination of the property.

(c) Tangible personal property delivered to a common or contract carrier or foreign vessel for delivery to a purchaser in another state or nation is a sale in that state or nation, regardless of f.o.b. point or other conditions of the sale.

(d) Notwithstanding paragraphs (b) and (c), when intoxicating liquor, wine, fermented malt beverages, cigarettes, or tobacco products are sold to a purchaser who is licensed by a state or political subdivision to resell this property only within the state of ultimate destination, the sale is made in that state.

(e) Sales made by or through a corporation that is qualified as a domestic international sales corporation under section 992 of the Internal Revenue Code are not considered to have been made within this state.

(f) Sales, rents, royalties, and other income in connection with real property is attributed to the state in which the property is located.

(g) Receipts from the lease or rental of tangible personal property, including finance leases and true leases, must be attributed to this state if the property is located in this state and to other states if the property is not located in this state. Receipts from the lease or rental of moving property including, but not limited to, motor vehicles, rolling stock, aircraft, vessels, or mobile equipment are included in the numerator of the receipts factor to the extent that the property is used in this state. The extent of the use of moving property is determined as follows:

(1) A motor vehicle is used wholly in the state in which it is registered.

(2) The extent that rolling stock is used in this state is determined by multiplying the receipts from the lease or rental of the rolling stock by a fraction, the numerator of which is the miles traveled within this state by the leased or rented rolling stock and the denominator of which is the total miles traveled by the leased or rented rolling stock.

(3) The extent that an aircraft is used in this state is determined by multiplying the receipts from the lease or rental of the aircraft by a fraction, the numerator of which is the number of landings of the aircraft in this state and the denominator of which is the total number of landings of the aircraft.

(4) The extent that a vessel, mobile equipment, or other mobile property is used in the state is determined by multiplying the receipts from the lease or rental of the property by a fraction, the numerator of which is the number of days during the taxable year the property was in this state and the denominator of which is the total days in the taxable year.

(h) Royalties and other income received for the use of or for the privilege of using intangible property, including patents, know-how, formulas, designs, processes, patterns, copyrights, trade names, service names, franchises, licenses, contracts, customer lists, or similar items, must be attributed to the state in which the property is used by the purchaser. If the property is used in more than one state, the royalties or other income must be apportioned to this state pro rata according to the portion of use in this state. If the portion of use in this state cannot be determined, the royalties or other income must be excluded from both the numerator and the denominator. Intangible property is used in this state if the purchaser uses the intangible property or the rights therein in the regular course of its business operations in this state, regardless of the location of the purchaser's customers.

(i) Sales of intangible property are made within the state in which the property is used by the purchaser. If the property is used in more than one state, the sales must be apportioned to this state pro rata according to the portion of use in this state. If the portion of use in this state cannot be determined, the sale must be excluded from both the numerator and the denominator of the sales factor. Intangible property is used in this state if the purchaser used the intangible property in the regular course of its business operations in this state.

(j) Receipts from the performance of services must be attributed to the state where the services are received. For the purposes of this section, receipts from the performance of services provided to a corporation, partnership, or trust may only be attributed to a state where it has a fixed place of doing business. If the state where the services are received is not readily determinable or is a state where the corporation, partnership, or trust receiving the service does not have a fixed place of doing business, the services shall be deemed to be received at the location of the office of the customer from which the services were ordered in the regular course of the customer's trade or business. If the ordering office cannot be determined, the services shall be deemed to be received at the office of the customer to which the services are billed.

(k) For the purposes of this subdivision and subdivision 6, paragraph (1), receipts from management, distribution, or administrative services performed by a person or corporation ~~or trust~~ for a fund of a person or corporation ~~or trust~~ regulated under United States Code, title 15, ~~sections 80a-1 through 80a-64~~ chapter 2D, subchapter I, must be attributed to the state where the shareholder of the fund resides. Under this paragraph, receipts for services attributed to shareholders are determined on the basis of the ratio of: (1) the average of the outstanding shares in the fund owned by shareholders residing within Minnesota at the beginning and end of each year; and (2) the average of the total number of outstanding shares in the fund at the beginning and end of each year. Residence of the shareholder, in the case of an individual, is determined by the mailing address furnished by the shareholder to the fund. Residence of the shareholder, when the shares are held by an insurance company as a depositor for the insurance company policyholders, is the mailing address of the policyholders. In the case of an insurance company holding the shares as a depositor for the insurance company policyholders, if the mailing address of the policyholders cannot be determined by the taxpayer, the receipts must be excluded from both the numerator and denominator. Residence of other shareholders is the mailing address of the shareholder.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 28. Minnesota Statutes 2018, section 290.21, subdivision 4, is amended to read:

Subd. 4. **Dividends received from another corporation.** (a)(1) Eighty percent of dividends received by a corporation during the taxable year from another corporation, in which the recipient owns 20 percent or more of the stock, by vote and value, not including stock described in section 1504(a)(4) of the Internal Revenue Code when the corporate stock with respect to which dividends are paid does not constitute the stock in trade of the taxpayer or would not be included in the inventory of the taxpayer, or does not constitute property held by the taxpayer primarily for sale to customers in the ordinary course of the taxpayer's trade or business, or when the trade or business of the taxpayer does not consist principally of the holding of the stocks and the collection of the income and gains therefrom; and

(2)(i) the remaining 20 percent of dividends if the dividends received are the stock in an affiliated company transferred in an overall plan of reorganization and the dividend is eliminated in consolidation under Treasury Department Regulation 1.1502-14(a), as amended through December 31, 1989;

(ii) the remaining 20 percent of dividends if the dividends are received from a corporation which is subject to tax under section 290.36 and which is a member of an affiliated group of corporations as defined by the Internal Revenue Code and the dividend is eliminated in consolidation under Treasury Department Regulation 1.1502-14(a), as amended through December 31, 1989, or is deducted under an election under section 243(b) of the Internal Revenue Code; or

(iii) the remaining 20 percent of the dividends if the dividends are received from a property and casualty insurer as defined under section 60A.60, subdivision 8, which is a member of an affiliated group of corporations as defined by the Internal Revenue Code and either: (A) the dividend is eliminated in consolidation under Treasury Regulation 1.1502-14(a), as amended through December 31, 1989; or (B) the dividend is deducted under an election under section 243(b) of the Internal Revenue Code.

(b) Seventy percent of dividends received by a corporation during the taxable year from another corporation in which the recipient owns less than 20 percent of the stock, by vote or value, not including stock described in section 1504(a)(4) of the Internal Revenue Code when the corporate stock with respect to which dividends are paid does not constitute the stock in trade of the taxpayer, or does not constitute property held by the taxpayer primarily for sale to customers in the ordinary course of the taxpayer's trade or business, or when the trade or business of the taxpayer does not consist principally of the holding of the stocks and the collection of income and gain therefrom.

(c) The dividend deduction provided in this subdivision shall be allowed only with respect to dividends that are included in a corporation's Minnesota taxable net income for the taxable year.

The dividend deduction provided in this subdivision does not apply to a dividend from a corporation which, for the taxable year of the corporation in which the distribution is made or for the next preceding taxable year of the corporation, is a corporation exempt from tax under section 501 of the Internal Revenue Code.

The dividend deduction provided in this subdivision does not apply to a dividend received from a real estate investment trust as defined in section 856 of the Internal Revenue Code.

The dividend deduction provided in this subdivision applies to the amount of regulated investment company dividends only to the extent determined under section 854(b) of the Internal Revenue Code.

The dividend deduction provided in this subdivision shall not be allowed with respect to any dividend for which a deduction is not allowed under the provisions of section 246(c) or 246A of the Internal Revenue Code.

(d) If dividends received by a corporation that does not have nexus with Minnesota under the provisions of Public Law 86-272 are included as income on the return of an affiliated corporation permitted or required to file a combined report under section 290.17, subdivision 4, or 290.34, subdivision 2, then for purposes of this subdivision the determination as to whether the trade or business of the corporation consists principally of the holding of stocks and the collection of income and gains therefrom shall be made with reference to the trade or business of the affiliated corporation having a nexus with Minnesota.

(e) The deduction provided by this subdivision does not apply if the dividends are paid by a FSC as defined in section 922 of the Internal Revenue Code.

(f) If one or more of the members of the unitary group whose income is included on the combined report received a dividend, the deduction under this subdivision for each member of the unitary business required to file a return under this chapter is the product of: (1) 100 percent of the dividends received by members of the group; (2) the percentage allowed pursuant to paragraph (a) or (b); and (3) the percentage of the taxpayer's business income apportionable to this state for the taxable year under section 290.191 or 290.20.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 29. Minnesota Statutes 2018, section 291.016, subdivision 3, is amended to read:

Subd. 3. **Subtraction.** ~~(a) For estates of decedents dying after December 31, 2016,~~ A subtraction is allowed in computing the Minnesota taxable estate, equal to the sum of:

(1) the exclusion amount for the year of death under paragraph (b); and

(2) the lesser of:

(i) the value of qualified small business property under section 291.03, subdivision 9, and the value of qualified farm property under section 291.03, subdivision 10; or

(ii) \$5,000,000 minus the exclusion amount for the year of death under paragraph (b).

(b) The following exclusion amounts apply for the year of death:

~~(1) \$2,100,000 for decedents dying in 2017;~~

~~(2) (1) \$2,400,000 for estates of decedents dying in 2018; and~~

~~(3) \$2,700,000 for decedents dying in 2019; and~~

~~(4) \$3,000,000 for decedents dying in 2020~~ (2) \$2,700,000 for estates of decedents dying in 2019 and thereafter.

(c) The subtraction under this subdivision must not reduce the Minnesota taxable estate to less than zero.

**EFFECTIVE DATE.** This section is effective retroactively for estates of decedents dying in 2019 and thereafter.

Sec. 30. **APPLICATION OF SMALL BUSINESS INVESTMENT TAX CREDIT FOR TAXABLE YEAR 2019.**

Applications for (1) certification as a qualified small business, qualified investor, or qualified fund under Minnesota Statutes, section 116J.8737, subdivisions 2, 3, and 4, and (2) the credit under Minnesota Statutes, section 116J.8737, subdivision 5, for taxable year 2019 must be made available on the Department of Employment and Economic Development's website by September 1, 2019. The provisions of Minnesota Statutes, section 116J.8737, generally apply to the taxable year 2019 extension of the credit in sections 1 to 7.

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

Sec. 31. **STATE HISTORIC STRUCTURE REHABILITATION TAX CREDIT; SPECIAL PROVISION FOR MINNESOTA MUSEUM OF AMERICAN ART.**

Notwithstanding Minnesota Statutes, section 290.0681, or any law or rule to the contrary, the rehabilitation of the Minnesota Museum of American Art Center for Creativity facilities, as described in Laws 2017, First Special Session chapter 8, article 1, section 20, subdivision 21, qualifies for the credit under Minnesota Statutes, section 290.0681, if the project is consistent with the historic character of the certified structure as determined under section 47 of the Internal Revenue Code. The State Historic Preservation Office of the Department of Administration must issue the credit certificate for the project to the Minnesota Museum of American Art or its assignee.

Sec. 32. **TAX EXPENDITURE STATEMENT OF INTENT.**

(a) In accordance with the requirements in Minnesota Statutes, section 3.192, the purpose and goals for the tax expenditures in this article and article 1 are listed in this section.

(b) The purpose and goal of the tax expenditures in article 1, section 51, and article 2, sections 13, 14, and 25, is to provide equitable state tax treatment between medical cannabis manufacturers that are not allowed to deduct their business expenses under the Internal Revenue Code and manufacturers of other goods who may deduct these expenses.

(c) The purpose of the tax expenditure under article 2, sections 1 to 7 and 30, is to encourage investment in innovative small businesses in Minnesota. The goal is to increase the number of these businesses in the state, the number of people employed by these businesses in the state, the productivity of these businesses, or the sales of these businesses."

Amend the title accordingly

A roll call was requested and properly seconded.

Garofalo moved to amend the O'Neill amendment to H. F. No. 2125, the second engrossment, as amended, as follows:

Page 12, after line 14, insert:

"Sec. 8. Minnesota Statutes 2018, section 270C.13, subdivision 1, is amended to read:

Subdivision 1. **Biennial report.** The commissioner shall report to the legislature by March 1 of each odd-numbered year on the overall incidence of:

(1) the income tax, sales and excise taxes, and property tax; and

(2) the federal estate tax, federal income tax, and federal payroll taxes imposed under the Federal Insurance Contributions Act (FICA).

The report shall present information on the distribution of the tax burden as follows: (1) for the overall income distribution, using a systemwide incidence measure such as the Suits index or other appropriate measures of equality and inequality; (2) by income classes, including at a minimum deciles of the income distribution; and (3) by other appropriate taxpayer characteristics."

Renumber the sections in sequence and correct the internal references

A roll call was requested and properly seconded.

The question was taken on the Garofalo amendment to the O'Neill amendment and the roll was called. There were 54 yeas and 75 nays as follows:

Those who voted in the affirmative were:

Albright	Dettmer	Gunther	Kresha	Nelson, N.	Robbins
Anderson	Drazkowski	Haley	Layman	Neu	Runbeck
Bahr	Erickson	Heinrich	Lucero	Nornes	Schomacker
Baker	Fabian	Heintzeman	Lueck	O'Driscoll	Scott
Bennett	Franson	Hertaus	McDonald	O'Neill	Theis
Boe	Garofalo	Johnson	Mekeland	Petersburg	Torkelson
Daniels	Green	Jurgens	Miller	Pierson	Urdahl
Daudt	Grossell	Kiel	Munson	Poston	Vogel
Davids	Gruenhagen	Koznick	Nash	Quam	Zerwas

Those who voted in the negative were:

Acomb	Dehn	Howard	Loeffler	Olson	Tabke
Bahner	Ecklund	Huot	Long	Pelowski	Vang
Becker-Finn	Edelson	Klevorn	Mahoney	Persell	Wagenius
Bernardy	Elkins	Koegel	Mann	Pinto	Wazlawik
Bierman	Fischer	Kotyza-Witthuhn	Mariani	Poppe	Winkler
Brand	Freiberg	Kunesh-Podein	Marquart	Pryor	Wolgamott
Cantrell	Gomez	Lee	Masin	Richardson	Xiong, J.
Carlson, A.	Halverson	Lesch	Moller	Sandell	Xiong, T.
Carlson, L.	Hansen	Liebling	Moran	Sandstede	Youakim
Christensen	Hassan	Lien	Morrison	Sauke	Spk. Hortman
Clafin	Hausman	Lillie	Murphy	Schultz	
Considine	Her	Lippert	Nelson, M.	Stephenson	
Davnie	Hornstein	Lislegard	Noor	Sundin	

The motion did not prevail and the amendment to the amendment was not adopted.



The question recurred on the O'Neill amendment and the roll was called. There were 54 yeas and 75 nays as follows:

Those who voted in the affirmative were:

Albright	Dettmer	Gunther	Kresha	Nelson, N.	Robbins
Anderson	Drazkowski	Haley	Layman	Neu	Runbeck
Bahr	Erickson	Heinrich	Lucero	Nornes	Schomacker
Baker	Fabian	Heintzeman	Lueck	O'Driscoll	Scott
Bennett	Franson	Hertaus	McDonald	O'Neill	Theis
Boe	Garofalo	Johnson	Mekeland	Petersburg	Torkelson
Daniels	Green	Jurgens	Miller	Pierson	Urdahl
Daudt	Grossell	Kiel	Munson	Poston	Vogel
Davids	Gruenhagen	Koznick	Nash	Quam	Zerwas

Those who voted in the negative were:

Acomb	Dehn	Howard	Loeffler	Olson	Tabke
Bahner	Ecklund	Huot	Long	Pelowski	Vang
Becker-Finn	Edelson	Klevorn	Mahoney	Persell	Wagenius
Bernardy	Elkins	Koegel	Mann	Pinto	Wazlawik
Bierman	Fischer	Kotzya-Witthuhn	Mariani	Poppe	Winkler
Brand	Freiberg	Kunesh-Podein	Marquart	Pryor	Wolgamott
Cantrell	Gomez	Lee	Masin	Richardson	Xiong, J.
Carlson, A.	Halverson	Lesch	Moller	Sandell	Xiong, T.
Carlson, L.	Hansen	Liebling	Moran	Sandstede	Youakim
Christensen	Hassan	Lien	Morrison	Sauke	Spk. Hortman
Clafin	Hausman	Lillie	Murphy	Schultz	
Considine	Her	Lippert	Nelson, M.	Stephenson	
Davnie	Hornstein	Lislegard	Noor	Sundin	

The motion did not prevail and the amendment was not adopted.

Albright moved to amend H. F. No. 2125, the second engrossment, as amended, as follows:

Page 227, delete article 10 and insert:

"ARTICLE 10  
MISCELLANEOUS

Section 1. **[16A.067] TAXPAYER RECEIPT.**

(a) The commissioner, in consultation with the commissioner of revenue, must develop and publish on the Department of Management and Budget's website an interactive taxpayer receipt in accordance with this section. The receipt must describe the share of state expenditures from all funds represented by major expenditure categories in the most recent fiscal year for which data is available. The receipt must show the approximate allocation of motor vehicle fuel taxes among eligible transportation purposes.

(b) For each expenditure category, the receipt must include select data on the performance goals and outcomes for the category, based on the goals and outcomes data required under section 16A.10, subdivision 1b.

(c) The website must allow a user to input an income amount, and must estimate the amount of major state taxes paid by the user. The website must allocate the user's estimated state tax liability to each major expenditure category based on the category's percentage share of state expenditures from all funds. For the purposes of this section, "major state taxes" means income, sales, alcohol, tobacco, and motor vehicle fuels taxes.

(d) Using the income amount entered by the user, the website must estimate the amount of income and direct sales taxes paid based upon the taxpayer's income. The website must allow a user to indicate whether the user used tobacco, consumed alcohol, or purchased motor vehicle fuel in the previous year, and provide a corresponding estimate of the cigarette, alcohol, and motor vehicle fuel taxes paid by the user.

(e) The commissioner must update the receipt by December 31 of each year, and must annually promote to the public the availability of the website.

Sec. 2. Minnesota Statutes 2018, section 161.14, is amended by adding a subdivision to read:

Subd. 88. **Tom Rukavina Memorial Bridge.** The bridge on marked U.S. Highway 53 over a mining area easterly of 2nd Avenue West in the city of Virginia is designated as "Tom Rukavina Memorial Bridge." Subject to section 161.139, the commissioner shall adopt a suitable design to mark this bridge and erect appropriate signs.

Sec. 3. Minnesota Statutes 2018, section 270C.21, is amended to read:

#### **270C.21 TAXPAYER ASSISTANCE GRANTS.**

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

(b) "Financial capability services" means any of the following:

(1) assistance with opening a savings or transactional account that meets the Federal Deposit Insurance Corporation's model safe accounts template standards;

(2) assistance with depositing all or part of a tax refund into a savings or transactional account;

(3) assistance with obtaining and reviewing a consumer report or credit score, as those terms are defined in United States Code, title 15, section 1681a;

(4) assistance with obtaining and reviewing a banking history report;

(5) financial coaching, or referral to financial coaching services, as provided in section 256E.35, subdivision 4a;

(6) National Foundation for Credit Counseling certified consumer credit and debt counseling or referral to these services;

(7) enrollment in a matched or incentivized savings program, including the provision of matching or incentive funds;

(8) referral to a certified financial planner, registered investment adviser, licensed insurance producer or agent, or a registered securities broker-dealer representative for private sector retirement options; or

(9) assistance with purchasing a Series I United States Savings Bond with all or part of a tax refund.

(c) "Transactional account" means a traditional demand deposit account or a general purpose reloadable prepaid card offered by a bank or credit union.

(d) "TCE" means the Tax Counseling for the Elderly program established by the Internal Revenue Service.

(e) "VITA" means the Volunteer Income Tax Assistance program established by the Internal Revenue Service.

Subd. 2. **Permitted use of taxpayer assistance grants.** When the commissioner awards grants to nonprofit organizations (a) The commissioner may award grants to nonprofit organizations for the following purposes:

(1) to coordinate, facilitate, encourage, and aid in the provision of taxpayer assistance services; and

(2) to provide financial capability services integrated with the delivery of taxpayer assistance services funded under clause (1).

(b) Grants under paragraph (a), clause (2), may only be made to qualified applicants, as defined under subdivision 3.

Subd. 3. **Qualified applicant.** To be eligible to receive a grant under subdivision 2, paragraph (a), clause (2), an applicant must:

(1) qualify under section 501(c)(3) of the Internal Revenue Code and be registered with the Internal Revenue Service as part of either the VITA or TCE programs; and

(2) commit to dedicate at least one staff or volunteer position to coordinate financial capability services at a VITA or TCE program site and to offer VITA or TCE program participants free assistance with the initiation through completion of:

(i) opening a savings and a transactional account that meet the Federal Deposit Insurance Corporation's model safe accounts template standards;

(ii) depositing all or part of a tax refund into a savings or transactional account; and

(iii) purchasing a Series I United States Savings Bond with all or part of a tax refund.

Subd. 4. **Conflict of interest.** (a) No applicant for a grant under subdivision 2, paragraph (a), clause (2), may receive direct compensation from a bank, credit union, or other financial services provider or vendor in exchange for the applicant offering to program participants the products or services of that bank, credit union, or other financial services provider or vendor.

(b) No applicant for a grant under subdivision 2, paragraph (a), clause (2), may receive funding from a bank, credit union, or other financial services provider or vendor that is contingent on the applicant offering products or services of that bank, credit union, or other financial services provider or vendor to program participants.

(c) An applicant for a grant under subdivision 2, paragraph (a), clause (2), may receive funding from a bank, credit union, or other financial services provider or vendor that is not in exchange for or contingent upon the applicant offering products or services of that bank, credit union, or other financial services provider or vendor to program participants.

(d) An applicant or a recipient of a grant under subdivision 2, paragraph (a), clause (2), must disclose any funding from a bank, credit union, or other financial services provider or vendor whose products or services will be offered at the applicant's or recipient's VITA or TCE site.

**Subd. 5. Public notice.** The commissioner must provide public notice of the grants in a timely manner so that the grant process is completed and grants are awarded by October 1, in order for recipient organizations to adequately plan expenditures for the filing season. At the time the commissioner provides public notice, the commissioner must also notify nonprofit organizations that received grants in the previous biennium.

**Subd. 6. Technical assistance.** Within available appropriations, the commissioner shall offer technical assistance to an organization that meets the requirement in subdivision 3, clause (1). The technical assistance may include, but is not limited to:

- (1) tax site development and management training;
- (2) VITA and TCE site coordinator training;
- (3) individual tax preparer and reviewer training on tax law;
- (4) support in developing volunteer training;
- (5) tax return preparation software and e-file administration training; and
- (6) one-on-one support by phone and e-mail for problem solving at tax site programs.

**Subd. 7. Reporting.** A recipient of a grant under subdivision 2, paragraph (a), clause (2), must report to the commissioner on the recipient's use of the grant money. Reporting requirements must include but are not limited to:

- (1) the number of people who receive financial capability services and what kind of services;
- (2) the number of savings or transactional accounts opened; and
- (3) the number of savings bonds purchased.

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

Sec. 4. Minnesota Statutes 2018, section 289A.08, is amended by adding a subdivision to read:

**Subd. 18. Taxpayer receipt.** (a) The commissioner must offer all individual income taxpayers the opportunity to elect to receive information about a taxpayer receipt via e-mail or United States mail. In the manner selected by the taxpayer, the commissioner must provide the taxpayer with information about how to access the taxpayer receipt website established under section 16A.067. The commissioner must allow a taxpayer to elect not to receive information about the receipt.

(b) Both the long and short forms described in subdivision 13 must include the opportunity to elect to receive information about the receipt.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 5. **[469.50] DEFINITIONS.**

Subdivision 1. **Application.** For the purposes of section 11 and sections 469.50 to 469.53, the terms defined in this section have the meanings given them.

Subd. 2. **City.** "City" means the city of Duluth.

Subd. 3. **Commissioner.** "Commissioner" means the commissioner of employment and economic development.

Subd. 4. **County.** "County" means St. Louis County.

Subd. 5. **District.** "District" means the regional exchange district established under section 469.51.

Subd. 6. **Medical business entity west.** "Medical business entity west" means a nonprofit integrated health system with two hospitals located within the district.

Subd. 7. **Medical business entity east.** "Medical business entity east" means a nonprofit health system operating one hospital within the district.

Subd. 8. **Public infrastructure project.** (a) "Public infrastructure project" means a project financed in whole or in part with public money in order to support development in the district. A public infrastructure project may:

(1) acquire real property and other assets associated with the real property;

(2) demolish, repair, or rehabilitate buildings;

(3) remediate land and buildings as required to prepare the property for acquisition or development;

(4) install, construct, or reconstruct elements of public infrastructure required to support the overall development of the district, including but not limited to: streets, roadways, highways, and utilities systems and related facilities, including relocations and realignments; structural caps or streetscape improvements; bridges or other buildable pads above streets, roadways, highways, and other rights-of-way; network and communication systems; drainage systems; sewer and water systems; district energy systems; subgrade structures and associated improvements; landscaping; facade construction and restoration; wayfinding and signage; and other components of community infrastructure;

(5) acquire, construct or reconstruct, and equip parking facilities, transit stations, and other facilities to encourage intermodal transportation and transit;

(6) install, construct or reconstruct, furnish, and equip parks and trails; cultural, community, educational, and recreational facilities; facilities to promote tourism and hospitality, conferencing, and conventions; and broadcast and related multimedia infrastructure;

(7) make related site improvements, including, without limitation, excavation, earth retention, soil stabilization and correction, foundation and substructure, vertical circulation systems, and other site improvements to support a district; and

(8) demolition of vacated medical facilities and other related buildings and structures and preparation of the facilities, buildings, and structures for development.

(b) A public infrastructure project is not a business subsidy under section 116J.993.

Subd. 9. **Regional Exchange District Advisory Board; advisory board; REDAB.** "Regional Exchange District Advisory Board," "advisory board," or "REDAB" means the advisory board established under section 469.515.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 6. **[469.51] REGIONAL EXCHANGE DISTRICT.**

Subdivision 1. **Creation; boundaries.** There is established in the city a regional exchange district. The regional exchange district is bounded by: East 6th Street from North 3rd Avenue East to North 7th Avenue East; North 7th Avenue East from East 6th Street to East 3rd Street; East 3rd Street from North 7th Avenue East to North 12th Avenue East; North 12th Avenue East from East 3rd Street straight through the Duluth Rose Garden to the Lake Superior waterfront; the Lake Superior waterfront from the Duluth Rose Garden at North 12th Avenue East to Lake Place Park at North 3rd Avenue East; North 3rd Avenue East from Lake Place Park at the Lake Superior waterfront to East 6th Street, excluding any property operated as a hotel on the corner of Superior Street and North 3rd Avenue East.

Subd. 2. **Purpose; findings.** The public purposes of the district are to facilitate:

(1) repurposing vacant or underutilized public land, or unutilized property interests such as air rights, for development or redevelopment and to incent significant private investment;

(2) redeveloping vacant or underutilized private land to increase its potential to generate taxes and create jobs or to provide housing or meet other community needs; and

(3) development by the anchoring institutions in the community, such as health care organizations and institutions of higher education, to create opportunities to improve the economy of the city and greater Minnesota regions and attract and retain a workforce.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 7. **[469.515] REGIONAL EXCHANGE DISTRICT ADVISORY BOARD.**

Subdivision 1. **Advisory board membership.** The Regional Exchange District Advisory Board consists of nine members appointed as follows:

(1) the mayor of the city or the mayor's designee;

(2) a city council member, appointed by the council;

(3) two representatives of the medical business entity west, appointed by and serving at the pleasure of the medical business entity west;

(4) one representative of the medical business entity east, appointed by and serving at the pleasure of the medical business entity east;

(5) one member appointed by the Duluth Greater Downtown Council;

(6) one representative of the local building and trades council appointed by the Duluth building and construction trades council; and

(7) two representatives appointed by the governor, one of whom has expertise in housing policy and finance.

Subd. 2. **Conflict of interest.** A person appointed as provided in subdivision 1, clause (1), (2), (5), (6), or (7), must not be employed by or affiliated with either medical business entity.

Subd. 3. **Terms; vacancies.** The appointing authorities must make their respective appointments by June 30, 2019. Members shall serve for four-year terms, except that a member appointed under subdivision 1, clauses (1) and (2), serves for a term coterminous with the term of the elected office, but may be reappointed. Of the members appointed in subdivision 1, clauses (3) and (7), one member serves from the date of appointment until the first Tuesday after the first Monday in January 2022, and the other member serves from the date of appointment until the first Tuesday after the first Monday in January 2024. A vacancy occurs as provided in section 15.059.

Subd. 4. **Duties.** The duties of the advisory board are to provide the city with advice and guidance in developing an overall development plan for the regional exchange district; prepare a proposed development plan for the district for approval by the city council; propose modifications to the development plan for city council approval; and recommend to the city council proposed public infrastructure projects not specifically listed in the plan that the board designates as consistent with the development plan adopted by the city. The advisory board is also responsible for the following activities related to the district:

(1) on behalf of a medical entity, certify to the city that all incurred expenses related to the private investment are accurate;

(2) review all proposed uses of state financial instruments to ensure they are consistent with Minnesota law;

(3) work with a medical entity and the city to acquire or dispose of real estate and facilitate all transactions associated with development in the district;

(4) develop patient, visitor, and community outreach programs for the district;

(5) develop and implement a plan for economic development outcomes related to the district; and

(6) by January 31 of each year, submit a report to the commissioner and the chairs and ranking minority members of the legislative committees with jurisdiction over economic development. The report must include a copy of the development plan and a list of any changes to the plan, the progress of projects identified in the development plan, and a list of the actual costs and financing sources.

Subd. 5. **Open meetings; data practices.** The advisory board and committee or subcommittee of the advisory board is subject to the Open Meeting Law in chapter 13D and is a government entity for purposes of chapter 13.

Subd. 6. **Chair.** The board must elect a chair from among the governor's appointees every two years.

Subd. 7. **Compensation; expense reimbursement.** The city may compensate members and reimburse members for expenses as provided in section 15.0575, subdivision 3. For purposes of this subdivision, the member representing the medical business entity shall be treated as an employee of a political subdivision.

Subd. 8. **Removal.** A member may be removed as provided in section 15.0575.

Subd. 9. **Staff.** The board may hire an executive director and other staff as the board requires. The city shall pay all staff salaries and benefits.

Subd. 10. **Contract for services.** The advisory board, through the staff assigned to the district, may contract for the services of financial advisors, other consultants, agents, public accountants, legal counsel, and other persons needed to perform its duties and exercise its powers.

Subd. 11. **Costs.** All costs incurred by the advisory board and staff assigned to the district shall be paid by the city.

Subd. 12. **Expiration.** The advisory board terminates 25 years after it first meets.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 8. **[469.517] COMPREHENSIVE DEVELOPMENT PLAN FOR REGIONAL EXCHANGE DISTRICT.**

(a) REDAB must prepare a comprehensive development plan by March 31, 2021. The comprehensive plan must, to the extent practicable, provide the following:

(1) an outline for the development of the district to meet the purpose and findings in section 469.51, subdivision 2;

(2) the extension of 6th Avenue East, primary street improvements, and related structural and safety improvements;

(3) construction of parking structures for the medical business west and for the medical business east, with the parking structures also supporting the public needs of surrounding neighborhoods and the district. The comprehensive development plan must require that public financing for the construction of parking structures is not available until the commissioner determines that \$50,000,000 has been committed to the project from private sources;

(4) extensions or connections of district energy utility infrastructure to existing and new buildings and facilities within the district to meet the medical facilities' thermal energy needs;

(5) subgrade structures and design and completion of the structural frame cap over marked Interstate Highway 35;

(6) demolition of vacated medical facilities and other related buildings and structures and preparation of the site for redevelopment;

(7) discussion of how the development plans will increase economic activity and housing availability, including affordable housing, in the city and fit into the city's long-term comprehensive development plans;

(8) a specific list of public infrastructure projects that meet the purposes and findings listed in section 469.51, subdivision 2; and

(9) the criteria that will be used by the advisory board in evaluating whether a public infrastructure project not specifically listed in the plan under clause (3) is consistent with the proposed development plan.

(b) Any development plan must be approved by six members of the advisory board prior to submitting the plan to the city council for consideration. The development plan for the district is not adopted until approved by the city council. If the city council rejects the initial development plan proposed by the advisory board, the board may revise



the development plan and resubmit the plan. Section 15.99 does not apply to review and approval of the development plan. The city must not spend any appropriation support payments from the state until it has approved a development plan, or an initial development plan under section 11, proposed by the advisory board.

(c) REDAB may propose modifications to the development plan at any time; however, all changes are subject to approval by the city council.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 9. **[469.52] CITY POWERS; DUTIES.**

Subdivision 1. **Port authority powers.** The city may exercise the powers of a port authority under sections 469.048 to 469.068 for purposes of implementing sections 469.50 to 469.53.

Subd. 2. **Steel products.** The city must require that a public infrastructure project use steel products made from iron ore mined from the taconite assistance area as defined in section 273.1341 to the extent practicable. In determining whether it is practicable, the city may consider the exceptions to the requirement by Public Law 111-5, section 1605.

Subd. 3. **City contracts; construction requirements.** For all public infrastructure projects, the city must make reasonable efforts to hire and cause the construction manager and any subcontractors to employ women and members of minority communities. Goals for construction contracts must be established in the manner required under the city's disadvantaged business enterprises plan.

Subd. 4. **Public bidding exemption.** Notwithstanding section 469.068 or any other law to the contrary, the city is not required to use competitive bidding with respect to a parking facility or other public improvements constructed in conjunction with, and directly above or below, or adjacent and integrally related to, a private development within a district.

Subd. 5. **Parking structure revenue.** Parking facilities or structures constructed pursuant to the development plan must charge market rate parking fees, except for use separately negotiated between the city and a church whose parking facility is removed to accommodate construction of a parking ramp.

Subd. 6. **City utility fund contribution.** The city must use the city utility fund to finance improvements made within the district for sanitary sewer, storm sewer, and water systems and other related utility improvements. The improvements must be included in the development plan approved by the board. The total expenditures required under this subdivision and under Laws 1980, chapter 511, section 1, subdivision 1, paragraph (d), as added by article 7, section 5, must equal at least \$20,000,000.

Subd. 7. **Project approval; notice; hearing.** Public infrastructure projects may be undertaken within the district by the city if the project is listed in the development plan or is recommended to the city by REDAB and is approved by the city. The city must hold a public hearing before approving a public infrastructure project for local funding provided pursuant to section 469.53. At least ten days before the hearing, the city must publish notice of the hearing in the official newspaper of the city.

Subd. 8. **City support.** The city must provide financial and administrative support, and office and other space, to the advisory board.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 10. **[469.53] LOCAL VALUE CAPTURE AUTHORITY.**

Subdivision 1. **Special abatement rules.** (a) If the city or county elects to use tax abatement under sections 469.1812 to 469.1815 to finance costs of public infrastructure projects, or to finance the costs of a joint project between the city and county, including all financing costs, the special rules under this subdivision apply.

(b) The limitations under section 469.1813, subdivision 6, do not apply.

(c) The limitations under section 469.1813, subdivision 8, do not apply, and property taxes abated by the city or county to finance costs of public infrastructure projects are not included for purposes of applying section 469.1813, subdivision 8, to the use of tax abatement for other purposes.

Subd. 2. **Special tax increment financing rules.** If the city elects to establish one or more redevelopment tax increment financing districts within a regional exchange district to fund public infrastructure projects, the requirements, definitions, limitations, or restrictions in the following statutes do not apply: sections 469.174, subdivisions 10 and 25, clause (2); 469.176, subdivisions 4j, 4l, and 5; and 469.1763, subdivisions 2, 3, and 4. The provisions of this subdivision expire effective for tax increments expended after December 31, 2055. After that date, the provisions of section 469.1763, subdivision 4, apply to any remaining unspent or unobligated increments.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 11. **INITIAL DEVELOPMENT PLAN FOR REGIONAL EXCHANGE DISTRICT.**

(a) REDAB must prepare a proposed initial development plan for the district and submit the plan to the city by March 31, 2020. The initial plan must provide the following:

(1) an outline for the development of the district to meet the purpose and findings in Minnesota Statutes, section 469.51, subdivision 2;

(2) the extension of 6th Avenue East, primary street improvements, and related structural and safety improvements;

(3) construction of parking structures for the medical business west and for the medical business east, with the parking structures also supporting the public needs of surrounding neighborhoods and the district. The initial development plan must require that public financing for the construction of parking structures is not available until the commissioner of employment and economic development determines that \$50,000,000 has been committed to the project from private sources; and

(4) extensions or connections of district energy utility infrastructure to existing and new buildings and facilities within the district to meet the medical facilities' thermal energy needs.

(b) The initial development plan must be approved by six members of the advisory board prior to submitting the plan to the city council for consideration. The initial development plan for the district is not adopted until approved by the city council. If the city council rejects the initial development plan proposed by the advisory board, the board may revise the initial development plan and resubmit the plan. Section 15.99 does not apply to review and approval of the development plan. The city must not spend any appropriation support payments from the state until it has approved an initial development plan proposed by the advisory board.

(c) REDAB may propose modifications to the initial development plan at any time; however, all changes are subject to approval by the city council.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 12. **APPROPRIATION; TAXPAYER ASSISTANCE GRANTS.**

\$400,000 in fiscal year 2020 and \$400,000 in fiscal year 2021 are appropriated from the general fund to the commissioner of revenue for grants under Minnesota Statutes, section 270C.21, subdivision 2. These amounts are in addition to any other amounts appropriated by law. Of the amount appropriated, up to five percent may be used for the administration of the taxpayer assistance grants program.

Sec. 13. **APPROPRIATION; TAXPAYER RECEIPT.**

\$100,000 in fiscal year 2021 is appropriated from the general fund to the commissioner of management and budget to develop and publish the taxpayer receipt under section 16A.067. The base funding for this program is \$47,000 in fiscal year 2022 and thereafter."

Amend the title accordingly

Hertaus moved to amend the Albright amendment to H. F. No. 2125, the second engrossment, as amended, as follows:

Page 2, after line 2, insert:

"(f) In any year following a taxable year in which a regressive tax was increased, the website must include a description of the regressive tax increased, the amount of the tax increase, and the commissioner of revenue's analysis of the incidence of the tax, as estimated in the most recent tax incidence report under section 270C.13. The definition of "regressive tax" and the description of a law that increases taxes in section 289A.08, paragraph (c), apply for this paragraph."

Page 5, after line 15, insert:

"(c) For any taxable year in which a law was enacted that increases a regressive tax, the information provided under paragraph (a) must include a description of the regressive tax increased, the amount of the tax increase, and the commissioner's analysis of the incidence of the tax, as estimated in the most recent tax incidence report under section 270C.13. For the purposes of this section:

(1) "regressive tax" means any tax for which the Suits index is negative in the most recent tax incidence study under section 270C.13; and

(2) a law increases a tax if the commissioner's revenue estimate for the bill under section 270C.11, subdivision 5, estimates that for any fiscal year, more revenue will be collected from the tax than was forecast to be collected in the most recent February forecast."

A roll call was requested and properly seconded.

The question was taken on the Hertaus amendment to the Albright amendment and the roll was called. There were 54 yeas and 75 nays as follows:

Those who voted in the affirmative were:

Albright	Dettmer	Gunther	Kresha	Nelson, N.	Robbins
Anderson	Drazkowski	Haley	Layman	Neu	Runbeck
Bahr	Erickson	Heinrich	Lucero	Nornes	Schomacker
Baker	Fabian	Heintzeman	Lueck	O'Driscoll	Scott
Bennett	Franson	Hertaus	McDonald	O'Neill	Theis
Boe	Garofalo	Johnson	Mekeland	Petersburg	Torkelson
Daniels	Green	Jurgens	Miller	Pierson	Urdahl
Daudt	Grossell	Kiel	Munson	Poston	Vogel
Davids	Gruenhagen	Koznick	Nash	Quam	Zerwas

Those who voted in the negative were:

Acomb	Dehn	Howard	Loeffler	Olson	Tabke
Bahner	Ecklund	Huot	Long	Pelowski	Vang
Becker-Finn	Edelson	Klevorn	Mahoney	Persell	Wagenius
Bernardy	Elkins	Koegel	Mann	Pinto	Wazlawik
Bierman	Fischer	Kotyza-Witthuhn	Mariani	Poppe	Winkler
Brand	Freiberg	Kunesh-Podein	Marquart	Pryor	Wolgamott
Cantrell	Gomez	Lee	Masin	Richardson	Xiong, J.
Carlson, A.	Halverson	Lesch	Moller	Sandell	Xiong, T.
Carlson, L.	Hansen	Liebling	Moran	Sandstede	Youakim
Christensen	Hassan	Lien	Morrison	Sauke	Spk. Hortman
Clafin	Hausman	Lillie	Murphy	Schultz	
Considine	Her	Lippert	Nelson, M.	Stephenson	
Davnie	Hornstein	Lislegard	Noor	Sundin	

The motion did not prevail and the amendment to the amendment was not adopted.

Garofalo moved to amend the Albright amendment to H. F. No. 2125, the second engrossment, as amended, as follows:

Page 2, after line 8, insert:

"Sec. 3. **[270C.132] REPORT ON TAXES AND MIGRATION.**

(a) The commissioner must annually prepare a report on the effects of state tax policy on the migration of residents between Minnesota and other states. The commissioner may use existing sources of data, including publicly available data published by the Internal Revenue Service, to fulfill the requirements of this section.

(b) The report must include the most recent data available on the number of tax returns filed, exemptions claimed, and the amount of gross income earned by:

(1) Minnesota residents who moved to another state; and

(2) residents of another state who moved to Minnesota.

The report must also describe the net effect of migration on the number of returns filed, exemptions claimed, and the amount of adjusted gross income earned by Minnesota residents.

(c) To the extent available, the report must include the most recent data available on the net changes resulting from migration in the number of returns filed, exemptions claimed, and the amount of adjusted gross income earned by taxpayers in the following adjusted gross income ranges:

(1) under \$10,000;

(2) \$10,001 to \$25,000;

(3) \$25,001 to \$50,000;

(4) \$50,001 to \$75,000;

(5) \$75,001 to \$100,000;

(6) \$100,001 to \$200,000; and

(7) \$200,001 or greater.

(d) The report must include recommendations from the commissioner about how Minnesota's tax system could be changed to reduce the rate of out-migration from Minnesota to other states and increase the rate of in-migration to Minnesota from other states.

(e) By January 15, 2020, and by January 15 of each subsequent year, the commissioner must:

(1) transmit the report to the committees of the house of representatives and senate with jurisdiction over taxes; and

(2) publish the report on its website.

**EFFECTIVE DATE.** This section is effective July 1, 2019."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Garofalo amendment to the Albright amendment and the roll was called. There were 54 yeas and 75 nays as follows:

Those who voted in the affirmative were:

Albright	Baker	Daniels	Dettmer	Fabian	Green
Anderson	Bennett	Daudt	Drazkowski	Franson	Grossell
Bahr	Boe	Davids	Erickson	Garofalo	Gruenhagen

Gunther	Jurgens	Lueck	Nelson, N.	Pierson	Scott
Haley	Kiel	McDonald	Neu	Poston	Theis
Heinrich	Koznick	Mekeland	Nornes	Quam	Torkelson
Heintzeman	Kresha	Miller	O'Driscoll	Robbins	Urdahl
Hertaus	Layman	Munson	O'Neill	Runbeck	Vogel
Johnson	Lucero	Nash	Petersburg	Schomacker	Zerwas

Those who voted in the negative were:

Acomb	Dehn	Howard	Loeffler	Olson	Tabke
Bahner	Ecklund	Huot	Long	Pelowski	Vang
Becker-Finn	Edelson	Klevorn	Mahoney	Persell	Wagenius
Bernardy	Elkins	Koegel	Mann	Pinto	Wazlawik
Bierman	Fischer	Kotzya-Witthuhn	Mariani	Poppe	Winkler
Brand	Freiberg	Kunesh-Podein	Marquart	Pryor	Wolgamott
Cantrell	Gomez	Lee	Masin	Richardson	Xiong, J.
Carlson, A.	Halverson	Lesch	Moller	Sandell	Xiong, T.
Carlson, L.	Hansen	Liebling	Moran	Sandstede	Youakim
Christensen	Hassan	Lien	Morrison	Sauke	Spk. Hortman
Clafin	Hausman	Lillie	Murphy	Schultz	
Considine	Her	Lippert	Nelson, M.	Stephenson	
Davnie	Hornstein	Lislegard	Noor	Sundin	

The motion did not prevail and the amendment to the amendment was not adopted.

O'Neill moved to amend the Albright amendment to H. F. No. 2125, the second engrossment, as amended, as follows:

Page 5, after line 17, insert:

"Sec. 5. **[290D.01] TITLE AND PURPOSE.**

**Subdivision 1. Citation.** This chapter shall be known and cited as the "Tax Expenditure Review Act."

**Subd. 2. Purpose.** State governmental policy objectives may be achieved both by direct expenditure of governmental funds and by granting special and selective tax preferences or tax expenditures. Both direct expenditures of governmental funds and tax expenditures have an effect on the ability of state and local governments to reduce general tax rates or to increase expenditures; therefore, tax expenditures should be subject to regular review and reauthorization in a manner similar to direct expenditures.

Sec. 6. **[290D.02] DEFINITIONS.**

**Subdivision 1. Applicability.** For purposes of this chapter, the following terms have the meanings given in this section unless the context clearly indicates a different meaning.

**Subd. 2. Commission.** "Commission" means the Tax Expenditure Advisory Commission.

**Subd. 3. Commissioner.** "Commissioner" means the commissioner of revenue or a person to whom the commissioner has delegated functions.

**Subd. 4. Tax expenditure.** "Tax expenditure" has the meaning given in section 270C.11, subdivision 6.

Subd. 5. **Tax.** "Tax" has the meaning given in section 270C.11, subdivision 6.

Sec. 7. **[290D.03] TAX EXPENDITURE ADVISORY COMMISSION.**

Subdivision 1. **Membership.** The Tax Expenditure Advisory Commission consists of 12 members appointed as follows:

- (1) the chairs of the committees in the senate and the house of representatives with jurisdiction over taxes;
- (2) two senators, one from the majority caucus and one from the largest minority caucus, appointed according to the rules of the senate;
- (3) two members of the house of representatives, one from the majority caucus and one from the largest minority caucus, appointed by the speaker; and
- (4) six public members appointed by the governor, including at least one who must be a citizen representing working families, one must be a representative of a nonprofit organization, one must be a person with experience in economic or business development, and the remainder shall be individuals who have a basic understanding of state tax policy, government operations, and public services.

Subd. 2. **Terms.** Legislative members serve two-year terms expiring September 1 of each odd-numbered year. Public members serve two-year terms expiring September 1 of each odd-numbered year. Members may be removed and replaced at the pleasure of the appointing authority.

Subd. 3. **Limits.** Members who are not chairs of a house of representatives or senate committee with jurisdiction over taxes are subject to the following restrictions:

- (1) after an individual serves four years on the commission, the individual is not eligible for appointment to another term or part of a term;
- (2) a legislative member who serves a full term may not be appointed to an immediately succeeding term; and
- (3) a public member may not serve consecutive terms, and, for purposes of this prohibition, a member is considered to have served a term only if the member has served more than one-half of the term.

Subd. 4. **Appointments.** The appointing authorities in subdivision 1 shall make appointments before September 1 of each odd-numbered year.

Subd. 5. **Legislative members.** If a legislative member ceases to be a member of the legislative body from which the member was appointed, the member vacates membership on the commission. If a legislative member who is a chair of a house of representatives or senate committee with jurisdiction over taxes ceases to be a chair of that committee, the member vacates membership on the commission.

Subd. 6. **Vacancies.** If a vacancy occurs, the appointing authority shall appoint a person to serve for the remainder of the unexpired term in the same manner as the original appointment.

Subd. 7. **Officers.** The commission shall have a chair and vice-chair as presiding officers. The chair and vice-chair must alternate every two years between the two membership groups: legislators and public members. The chair and vice-chair may not be from the same membership group.

Subd. 8. **Quorum; voting.** Seven members of the commission constitute a quorum. A final action or recommendation may not be made unless approved by a recorded vote of at least seven members. All other actions by the commission shall be decided by a majority of the members present and voting.

Subd. 9. **Compensation.** Each public member of the commission is entitled to reimbursement for actual and necessary expenses incurred in performing commission duties as provided in section 15.059, subdivision 3. Each legislative member is entitled to reimbursement from the appropriate fund of the member's respective legislative body. Each public member is entitled to reimbursement from funds appropriated to the commission.

Sec. 8. **[290D.04] STAFF.**

The Legislative Coordinating Commission shall employ an executive director for the commission and may employ other staff necessary to carry out this chapter. The Legislative Coordinating Commission shall provide administrative support services to the commission.

Sec. 9. **[290D.05] REPORT TO COMMISSION.**

In addition to the information provided in each even-numbered year under section 270C.11, before September 1 of each year prior to the first year of a regular legislative session, the commissioner shall provide a report with the following information for each tax expenditure scheduled to expire during the following biennium:

(1) the positive and negative impacts of the expenditure on the taxpayer or taxpayers before or after the tax expenditure;

(2) the impact of the tax expenditure on the tax incidence in the state;

(3) the economic development impacts of the preference, including the impact on jobs, wages, and benefits;

(4) the cumulative fiscal impacts of other state and federal taxes providing benefits to taxpayers for similar activities;

(5) the measurable impacts of the tax expenditure in meeting the goal of the expenditure;

(6) a comparison of the tax expenditure with tax treatment of taxpayers engaged in similar activities in neighboring states; and

(7) consideration of the probable impact on overall uniformity and fairness of the tax code.

Sec. 10. **[290D.06] COMMISSION DUTIES.**

Subdivision 1. **Review of tax expenditures.** Before February 1 of the first year of a regularly scheduled legislative session, the commission shall (1) review information from the most recent tax expenditure budget report under section 270C.11 and the additional report under section 290D.05; (2) take public testimony; and (3) vote on recommendations for continuation or repeal of each tax expenditure subject to expire in that legislative session.



Subd. 2. **Public hearings.** Before January 1 of the year a tax expenditure is included in a commission report, the commission shall conduct public hearings concerning the impact of the tax expenditure on (1) affected taxpayers; (2) the state economy; (3) its performance in meeting its purpose; (4) its impact on the tax incidence in the state; and (5) any other information that the commission deems relevant.

Subd. 3. **Commission report; recommendations.** By February 1 of the first year of every regular legislative session, the commission shall present to the chairs of the senate and house of representatives committees with jurisdiction over taxes, a report on the tax expenditures reviewed. In the report the commission shall report its recommendations for each tax expenditure, its findings on the demonstrated ability of each tax expenditure to meet its stated goal, the impact on the general fund budget of retaining or abolishing the tax expenditure, and any other information that the commission deems relevant to explain its recommendation for each expenditure.

**Sec. 11. [290D.07] REQUIREMENT FOR REVIEW AND PERIODIC REENACTMENT OF ALL EXISTING AND NEW TAX EXPENDITURES.**

Subdivision 1. **Expiration of existing tax expenditures.** The tax expenditures in statute as of July 1, 2019, are subject to sunset review and expiration on the following schedule:

(1) all tax expenditures in chapters 168, 297A, and 297B, on December 31, 2021, and every tenth year thereafter;

(2) all tax expenditures in chapters 295, 296A, 297D, 297E, 297F, 297G, 297H, and 297I, on December 31, 2023, and every tenth year thereafter;

(3) all tax expenditures in chapters 290 and 298, on December 31, 2025, and every tenth year thereafter;

(4) all tax expenditures in chapters 287, 290A, 290B, and 291, on December 31, 2027, and every tenth year thereafter; and

(5) all tax expenditures in chapters 88, 270, 272, 273, 290C, 469, and 473H, on December 31, 2029, and every tenth year thereafter.

Subd. 2. **New and renewed tax expenditures.** Any legislation that creates a tax expenditure effective after July 1, 2019, or renews or continues a tax expenditure must include the following provisions:

(1) an intent statement that clearly provides the purposes for the tax expenditure and a standard or goal against which its effectiveness can be measured; and

(2) an expiration date for the tax expenditure that may not exceed 12 years from the day the provision takes effect and must correspond to the expiration date for other tax expenditures in the same tax area, as listed in subdivision 1.

**Sec. 12. [290D.08] MONITORING OF RECOMMENDATIONS.**

During each legislative session, the staff of the commission shall monitor legislation affecting tax expenditures that have undergone sunset review and shall periodically report to the members of the commission on proposed changes which would modify prior recommendations of the commission.

Sec. 13. **[290D.09] GIFTS AND GRANTS.**

The commission may accept gifts, grants, and donations from any organization described in section 501(c)(3) of the Internal Revenue Code for the purpose of funding any activity under this chapter. All gifts, grants, and donations must be accepted in an open meeting by a majority of the voting members of the commission and reported in the public record of the commission with the name of the donor and purpose of the gift, grant, or donation. Money received under this section is appropriated to the commission."

Renumber the sections in sequence and correct the internal references

A roll call was requested and properly seconded.

The question was taken on the O'Neill amendment to the Albright amendment and the roll was called. There were 3 yeas and 126 nays as follows:

Those who voted in the affirmative were:

Gomez                      Liebling                      Schultz

Those who voted in the negative were:

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

The motion did not prevail and the amendment to the amendment was not adopted.

Albright withdrew his amendment to H. F. No. 2125, the second engrossment, as amended.

Johnson moved to amend H. F. No. 2125, the second engrossment, as amended, as follows:

Page 201, delete section 16

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion did not prevail and the amendment was not adopted.

Petersburg moved to amend H. F. No. 2125, the second engrossment, as amended, as follows:

Page 3, delete article 1 and insert:

"ARTICLE 1  
FEDERAL CONFORMITY

Section 1. Minnesota Statutes 2018, section 270A.03, subdivision 5, is amended to read:

Subd. 5. **Debt; debtor.** (a) "Debt" means a legal obligation of a natural person to pay a fixed and certain amount of money, which equals or exceeds \$25 and which is due and payable to a claimant agency. The term includes criminal fines imposed under section 609.10 or 609.125, fines imposed for petty misdemeanors as defined in section 609.02, subdivision 4a, and restitution. A debt may arise under a contractual or statutory obligation, a court order, or other legal obligation, but need not have been reduced to judgment.

A debt includes any legal obligation of a current recipient of assistance which is based on overpayment of an assistance grant where that payment is based on a client waiver or an administrative or judicial finding of an intentional program violation; or where the debt is owed to a program wherein the debtor is not a client at the time notification is provided to initiate recovery under this chapter and the debtor is not a current recipient of food support, transitional child care, or transitional medical assistance.

(b) A debt does not include any legal obligation to pay a claimant agency for medical care, including hospitalization if the income of the debtor at the time when the medical care was rendered does not exceed the following amount:

- (1) for an unmarried debtor, an income of \$12,560 or less;
- (2) for a debtor with one dependent, an income of \$16,080 or less;
- (3) for a debtor with two dependents, an income of \$19,020 or less;
- (4) for a debtor with three dependents, an income of \$21,580 or less;
- (5) for a debtor with four dependents, an income of \$22,760 or less; and
- (6) for a debtor with five or more dependents, an income of \$23,730 or less.

For purposes of this paragraph, "debtor" means the individual whose income, together with the income of the individual's spouse, other than a separated spouse, brings the individual within the income provisions of this paragraph. For purposes of this paragraph, a spouse, other than a separated spouse, shall be considered a dependent.

(c) The commissioner shall annually adjust the ~~income~~ amounts in paragraph (b) ~~by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "2014" shall be substituted for the word "1992."~~ For 2016, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2014, to the 12 months ending on August 31, 2015, and in each subsequent year, from the 12 months ending on August 31, 2014, to the 12 months ending on August 31 of the year preceding the taxable year. The determination of the commissioner pursuant to this subdivision shall not be considered a "rule" and shall not be subject to the Administrative Procedure Act contained in chapter 14. The income amount as adjusted must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount as provided in section 270C.22. The statutory year is taxable year 2019.

(d) Debt also includes an agreement to pay a MinnesotaCare premium, regardless of the dollar amount of the premium authorized under section 256L.15, subdivision 1a.

**EFFECTIVE DATE.** This section is effective for adjustments beginning with taxable years beginning after December 31, 2019.

Sec. 2. **[270C.22] COST OF LIVING ADJUSTMENT.**

Subdivision 1. **Adjustment; definition; period; rounding.** (a) The commissioner shall annually make a cost of living adjustment to the dollar amounts noted in sections that reference this section. The commissioner shall adjust the amounts based on the index as provided in this section. For purposes of this section, "index" means the Chained Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics. The values of the index used to determine the adjustments under this section are the latest published values when the Bureau of Labor Statistics publishes the initial value of the index for August of the year preceding the year to which the adjustment applies.

(b) For the purposes of this section, "statutory year" means the year preceding the first year for which dollar amounts are to be adjusted for inflation under sections that reference this section. For adjustments under chapter 290A, "statutory year" means the year in which refunds are payable preceding the first year for which amounts in chapter 290A are indexed under this section.

(c) To determine the dollar amounts for taxable year 2020, the commissioner shall determine the percentage change in the index for the 12-month period ending on August 31, 2019, and increase each of the unrounded dollar amounts in the sections referencing this section by that percentage change. For each subsequent taxable year, the commissioner shall increase the dollar amounts by the percentage change in the index from August 31 of the year preceding the statutory year to August 31 of the year preceding the taxable year.

(d) To determine the dollar amounts for refunds payable in 2021 under chapter 290A, the commissioner shall determine the percentage change in the index for the 12-month period ending on August 31, 2020, and increase each of the unrounded dollar amounts in the sections referencing this section by that percentage change. For each subsequent year, the commissioner shall increase the dollar amounts by the percentage change in the index from August 31 of the year preceding the statutory year to August 31 of the year preceding the year in which refunds are payable.

(e) Unless otherwise provided, the commissioner shall round the amounts as adjusted to the nearest \$10 amount. If an amount ends in \$5, the amount is rounded up to the nearest \$10 amount.

Subd. 2. **Publication.** The commissioner shall announce and publish the adjusted dollar amounts required by subdivision 1 on the Department of Revenue's website on or before December 15 of each year.

Subd. 3. **Special provision.** The determination of the commissioner under this subdivision is not a rule and is not subject to the Administrative Procedure Act under chapter 14, including section 14.386.

**EFFECTIVE DATE.** This section is effective for adjustments beginning with taxable years beginning after December 31, 2019, calendar years beginning after December 31, 2019, and for refunds based on rent paid in 2019 and property taxes payable in 2020.

Sec. 3. Minnesota Statutes 2018, section 289A.02, subdivision 7, is amended to read:

Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December 16, 2016~~ December 31, 2018.

**EFFECTIVE DATE.** This section is effective the day following final enactment except the changes incorporated by federal changes are effective retroactively at the same time the changes became effective for federal purposes.

Sec. 4. Minnesota Statutes 2018, section 289A.08, subdivision 1, is amended to read:

Subdivision 1. **Generally; individuals.** (a) A taxpayer must file a return for each taxable year the taxpayer is required to file a return under section 6012 of the Internal Revenue Code or meets the requirements under paragraph (d) to file a return, except that:

(1) an individual who is not a Minnesota resident for any part of the year is not required to file a Minnesota income tax return if the individual's gross income derived from Minnesota sources as determined under sections 290.081, paragraph (a), and 290.17, is less than the filing requirements for a single individual who is a full year resident of Minnesota; ~~and~~

(2) an individual who is a Minnesota resident is not required to file a Minnesota income tax return if the individual's gross income derived from Minnesota sources as determined under section 290.17, less the subtractions allowed under section 290.0132, subdivisions 12 and 15, is less than the filing requirements for a single individual who is a full-year resident of Minnesota.

(b) The decedent's final income tax return, and other income tax returns for prior years where the decedent had gross income in excess of the minimum amount at which an individual is required to file and did not file, must be filed by the decedent's personal representative, if any. If there is no personal representative, the return or returns must be filed by the transferees, as defined in section 270C.58, subdivision 3, who receive property of the decedent.

(c) The term "gross income," as it is used in this section, has the same meaning given it in section 290.01, subdivision 20.

(d) The commissioner of revenue must annually determine the gross income levels at which individuals are required to file a return for each taxable year based on the amounts that may be subtracted under section 290.0132, subdivision 19.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 5. Minnesota Statutes 2018, section 289A.08, subdivision 7, is amended to read:

Subd. 7. **Composite income tax returns for nonresident partners, shareholders, and beneficiaries.** (a) The commissioner may allow a partnership with nonresident partners to file a composite return and to pay the tax on behalf of nonresident partners who have no other Minnesota source income. This composite return must include the names, addresses, Social Security numbers, income allocation, and tax liability for the nonresident partners electing to be covered by the composite return.

(b) The computation of a partner's tax liability must be determined by multiplying the income allocated to that partner by the highest rate used to determine the tax liability for individuals under section 290.06, subdivision 2c. Nonbusiness deductions, standard deductions, or personal exemptions are not allowed.

(c) The partnership must submit a request to use this composite return filing method for nonresident partners. The requesting partnership must file a composite return in the form prescribed by the commissioner of revenue. The filing of a composite return is considered a request to use the composite return filing method.

(d) The electing partner must not have any Minnesota source income other than the income from the partnership and other electing partnerships. If it is determined that the electing partner has other Minnesota source income, the inclusion of the income and tax liability for that partner under this provision will not constitute a return to satisfy the requirements of subdivision 1. The tax paid for the individual as part of the composite return is allowed as a payment of the tax by the individual on the date on which the composite return payment was made. If the electing nonresident partner has no other Minnesota source income, filing of the composite return is a return for purposes of subdivision 1.

(e) This subdivision does not negate the requirement that an individual pay estimated tax if the individual's liability would exceed the requirements set forth in section 289A.25. The individual's liability to pay estimated tax is, however, satisfied when the partnership pays composite estimated tax in the manner prescribed in section 289A.25.

(f) If an electing partner's share of the partnership's gross income from Minnesota sources is less than the filing requirements for a nonresident under this subdivision, the tax liability is zero. However, a statement showing the partner's share of gross income must be included as part of the composite return.

(g) The election provided in this subdivision is only available to a partner who has no other Minnesota source income and who is either (1) a full-year nonresident individual or (2) a trust or estate that does not claim a deduction under either section 651 or 661 of the Internal Revenue Code.

(h) A corporation defined in section 290.9725 and its nonresident shareholders may make an election under this paragraph. The provisions covering the partnership apply to the corporation and the provisions applying to the partner apply to the shareholder.

(i) Estates and trusts distributing current income only and the nonresident individual beneficiaries of the estates or trusts may make an election under this paragraph. The provisions covering the partnership apply to the estate or trust. The provisions applying to the partner apply to the beneficiary.

(j) For the purposes of this subdivision, "income" means the partner's share of federal adjusted gross income from the partnership modified by the additions provided in section 290.0131, subdivisions 8 to ~~10~~ and 16, and the subtractions provided in: (1) section 290.0132, subdivision 9, to the extent the amount is assignable or allocable to Minnesota under section 290.17; and (2) section 290.0132, subdivision 14. The subtraction allowed under section 290.0132, subdivision 9, is only allowed on the composite tax computation to the extent the electing partner would have been allowed the subtraction.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 6. Minnesota Statutes 2018, section 289A.12, subdivision 14, is amended to read:

Subd. 14. **Reporting exempt interest and exempt-interest dividends.** (a) A regulated investment company paying \$10 or more in exempt-interest dividends to an individual who is a resident of Minnesota, or any person receiving \$10 or more of exempt interest or exempt-interest dividends and paying as nominee to an individual who is a resident of Minnesota, must make a return indicating the amount of the exempt interest or exempt-interest dividends, the name, address, and Social Security number of the recipient, and any other information that the commissioner specifies. The return must be provided to the recipient by February 15 of the year following the year of the payment. The return provided to the recipient must include a clear statement, in the form prescribed by the commissioner, that the exempt interest or exempt-interest dividends must be included in the computation of Minnesota taxable income. By June 1 of each year, the payer must file a copy of the return with the commissioner.

(b) For purposes of this subdivision, the following definitions apply.

(1) "Exempt-interest dividends" mean exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code, but does not include the portion of exempt-interest dividends that are not required to be added to federal ~~taxable~~ adjusted gross income under section 290.0131, subdivision 2, paragraph (b).

(2) "Regulated investment company" means regulated investment company as defined in section 851(a) of the Internal Revenue Code or a fund of the regulated investment company as defined in section 851(g) of the Internal Revenue Code.

(3) "Exempt interest" means income on obligations of any state other than Minnesota, or a political or governmental subdivision, municipality, or governmental agency or instrumentality of any state other than Minnesota, and exempt from federal income taxes under the Internal Revenue Code or any other federal statute.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 7. Minnesota Statutes 2018, section 289A.20, is amended by adding a subdivision to read:

Subd. 1a. **Tax on deferred foreign income; election to pay in installments.** (a) A taxpayer subject to tax under section 290.06, subdivision 1, may elect to pay the net tax liability on the deferred foreign income in installments in the same percentages of the net tax liability for each taxable year as provided in section 965(h)(1) of the Internal Revenue Code. Payment of an installment for a taxable year is due on the due date, determined without regard to any extensions of time for filing the return, for the tax return for that taxable year.

(b) If an acceleration of payment applies for federal income tax purposes under section 965(h)(3) of the Internal Revenue Code, the unpaid portion of the remaining installments due under chapter 290 must be paid on the same date as the federal tax is due. Assessment of deficiencies must be prorated as provided under section 965(h)(4) of the Internal Revenue Code.

(c) For purposes of determining date and time limits under sections 270C.62, 270C.63, 270C.67, and 270C.68, the date on which an installment is due under paragraph (a), including any acceleration under paragraph (b), must be treated as the assessment date, due date, or other date from which the time limit must be determined for that payment.

(d) For purposes of this subdivision, "net tax liability" means the excess of:

(1) the tax liability, determined under chapter 290, for the taxable year in which the deferred foreign income was includable in federal taxable income; over

(2) the tax liability, determined under chapter 290, for that taxable year computed after excluding the deferred foreign income under section 965 of the Internal Revenue Code.

(e) If a taxpayer has not made the first installment payment under paragraph (a), the taxpayer must pay the first installment payment at the same time and due date as the second installment payment. For purposes of paragraph (c), payments under this paragraph are deemed to be due at the same time the second installment is due.

**EFFECTIVE DATE.** This section is effective retroactively at the same time as the changes in Public Law 115-97 relating to deferred foreign income were effective for federal purposes.

Sec. 8. Minnesota Statutes 2018, section 289A.35, is amended to read:

**289A.35 ASSESSMENTS ON RETURNS.**

(a) The commissioner may audit and adjust the taxpayer's computation of federal adjusted gross income, federal taxable income, items of federal tax preferences, or federal credit amounts to make them conform with the provisions of chapter 290 or section 298.01. If a return has been filed, the commissioner shall enter the liability reported on the return and may make any audit or investigation that is considered necessary.

(b) Upon petition by a taxpayer, and when the commissioner determines that it is in the best interest of the state, the commissioner may allow S corporations and partnerships to receive orders of assessment issued under section 270C.33, subdivision 4, on behalf of their owners, and to pay liabilities shown on such orders. In such cases, the owners' liability must be calculated using the method provided in section 289A.08, subdivision 7, paragraph (b).

(c) A taxpayer may petition the commissioner for the use of the method described in paragraph (b) after the taxpayer is notified that an audit has been initiated and before an order of assessment has been issued.

(d) A determination of the commissioner under paragraph (b) to grant or deny the petition of a taxpayer cannot be appealed to the Tax Court or any other court.

(e) The commissioner may audit and adjust the taxpayer's computation of tax under chapter 291. In the case of a return filed pursuant to section 289A.10, the commissioner shall notify the estate no later than nine months after the filing date, as provided by section 289A.38, subdivision 2, whether the return is under examination or the return has been processed as filed.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 9. Minnesota Statutes 2018, section 290.01, is amended by adding a subdivision to read:

**Subd. 3c. Determination of marital status.** The determination of marital status is made by section 7703 of the Internal Revenue Code.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 10. Minnesota Statutes 2018, section 290.01, is amended by adding a subdivision to read:

**Subd. 14a. Surviving spouse.** The term "surviving spouse" means an individual who is a surviving spouse under section 2(a) of the Internal Revenue Code for the taxable year.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.



Sec. 11. Minnesota Statutes 2018, section 290.01, subdivision 19, is amended to read:

Subd. 19. **Net income.** (a) For a trust or estate taxable under section 290.03, and a corporation taxable under section 290.02, the term "net income" means the federal taxable income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through the date named in this subdivision, incorporating the federal effective dates of changes to the Internal Revenue Code and any elections made by the taxpayer in accordance with the Internal Revenue Code in determining federal taxable income for federal income tax purposes, and with the modifications provided in sections 290.0131 to 290.0136.

(b) For an individual, the term "net income" means federal adjusted gross income with the modifications provided in sections 290.0131, 290.0132, and 290.0135 to 290.0137.

(c) In the case of a regulated investment company or a fund thereof, as defined in section 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment company taxable income as defined in section 852(b)(2) of the Internal Revenue Code, except that:

(1) the exclusion of net capital gain provided in section 852(b)(2)(A) of the Internal Revenue Code does not apply;

(2) the deduction for dividends paid under section 852(b)(2)(D) of the Internal Revenue Code must be applied by allowing a deduction for capital gain dividends and exempt-interest dividends as defined in sections 852(b)(3)(C) and 852(b)(5) of the Internal Revenue Code; and

(3) the deduction for dividends paid must also be applied in the amount of any undistributed capital gains which the regulated investment company elects to have treated as provided in section 852(b)(3)(D) of the Internal Revenue Code.

(d) The net income of a real estate investment trust as defined and limited by section 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

(e) The net income of a designated settlement fund as defined in section 468B(d) of the Internal Revenue Code means the gross income as defined in section 468B(b) of the Internal Revenue Code.

(f) The Internal Revenue Code of 1986, as amended through ~~December 16, 2016~~ December 31, 2018, shall be in effect for taxable years beginning after December 31, 1996.

(g) Except as otherwise provided, references to the Internal Revenue Code in this subdivision and sections 290.0131 to 290.0136 mean the code in effect for purposes of determining net income for the applicable year.

**EFFECTIVE DATE.** (a) The amendments to paragraphs (a) and (b) are effective for taxable years beginning after December 31, 2018.

(b) The amendment to paragraph (f) is effective the day following final enactment, except the changes incorporated by federal changes are effective retroactively at the same time as the changes became effective for federal purposes, but are subject to the application of Minnesota Statutes, section 290.993.

Sec. 12. Minnesota Statutes 2018, section 290.01, is amended by adding a subdivision to read:

Subd. 19i. **Deferred foreign income.** "Deferred foreign income" means the income of a domestic corporation that is included in net income under section 965 of the Internal Revenue Code, exclusive of the deduction allowed under section 965(c) of the Internal Revenue Code.

**EFFECTIVE DATE.** This section is effective retroactively at the same time as the changes in Public Law 115-97 relating to deferred foreign income were effective for federal purposes.

Sec. 13. Minnesota Statutes 2018, section 290.01, is amended by adding a subdivision to read:

Subd. 21a. **Adjusted gross income; federal adjusted gross income.** The terms "adjusted gross income" and "federal adjusted gross income" mean adjusted gross income, as defined in section 62 of the Internal Revenue Code, as amended through the date named in subdivision 19, incorporating the federal effective date of changes to the Internal Revenue Code and any elections made by the taxpayer under the Internal Revenue Code in determining federal adjusted gross income for federal income tax purposes.

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

Sec. 14. Minnesota Statutes 2018, section 290.01, subdivision 29a, is amended to read:

Subd. 29a. **State itemized deduction.** "State itemized deduction deductions" means federal itemized deductions, as defined in section 63(d) of the Internal Revenue Code, disregarding any limitation under section 68 of the Internal Revenue Code, and reduced by the amount of the addition required under section 290.0131, subdivision 13 the itemized deductions for individual income tax allowed under section 290.0122, subdivision 1, reduced by the limit under section 290.0122, subdivision 2.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 15. Minnesota Statutes 2018, section 290.01, subdivision 31, is amended to read:

Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December 16, 2016~~ December 31, 2018. Internal Revenue Code also includes any uncodified provision in federal law that relates to provisions of the Internal Revenue Code that are incorporated into Minnesota law.

**EFFECTIVE DATE.** This section is effective the day following final enactment, except the changes incorporated by the federal changes are effective retroactively at the same time as the changes became effective for federal purposes, but are subject to the application of Minnesota Statutes, section 290.993.

Sec. 16. **[290.0121] DEPENDENT EXEMPTION.**

Subdivision 1. **Exemption amount.** (a) A taxpayer's dependent exemption equals:

(1) the exemption amount multiplied by the number of individuals who are dependents, as defined in section 152 of the Internal Revenue Code, of the taxpayer for the taxable year; minus

(2) the disallowed exemption amount under subdivision 2, but the remainder may not be less than zero.

(b) The exemption amount equals \$4,250.

Subd. 2. **Disallowed exemption amount.** (a) The disallowed exemption amount equals the dependent exemption allowed under subdivision 1, paragraph (a), clause (1), multiplied by the applicable percentage.

(b) For a married individual filing a separate return, "applicable percentage" means two percentage points for each \$1,250, or fraction of that amount, by which the taxpayer's federal adjusted gross income for the taxable year exceeds the threshold amount. For all other filers, applicable percentage means two percentage points for each \$2,500, or fraction of that amount, by which the taxpayer's federal adjusted gross income for the taxable year exceeds the threshold amount. The applicable percentage must not exceed 100 percent.

(c) "Threshold amount" means:

(1) \$291,950 for a joint return or a surviving spouse;

(2) \$243,300 for a head of a household;

(3) \$194,650 for an individual who is not married and who is not a surviving spouse or head of a household; and

(4) half the amount for a joint return for a married individual filing a separate return.

Subd. 3. **Inflation adjustment.** For taxable years beginning after December 31, 2019, the commissioner must adjust for inflation the exemption amount in subdivision 1, paragraph (a), clause (1), and the threshold amounts in subdivision 2, as provided in section 270C.22. The statutory year is taxable year 2019. The amounts as adjusted must be rounded down to the nearest \$50 amount. If the amount ends in \$25, the amount is rounded down to the nearest \$50 amount. The threshold amount for married individuals filing separate returns must be one-half of the adjusted amount for married individuals filing joint returns.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 17. **[290.0122] ITEMIZED DEDUCTIONS.**

Subdivision 1. **Itemized deductions.** A taxpayer's itemized deductions equal the sum of the amounts allowed as a deduction under this section, reduced by the amount calculated under subdivision 2.

Subd. 2. **Deductions limited; inflation adjustment.** (a) The itemized deductions of a taxpayer with adjusted gross income in excess of the applicable amount are reduced by the lesser of:

(1) three percent of the excess of the taxpayer's federal adjusted gross income over the applicable amount; or

(2) 80 percent of the amount of the taxpayer's itemized deductions.

(b) "Applicable amount" means \$194,650, or \$97,325 for a married individual filing a separate return.

(c) For the purposes of this subdivision, "itemized deductions" means the itemized deductions otherwise allowable to the taxpayer under subdivision 1, except itemized deductions excludes:

(1) the portion of the deduction for interest under subdivision 5 that represents investment interest;

(2) the deduction for medical expenses under subdivision 6; and

(3) the deduction for losses under subdivision 8.

(d) For taxable years beginning after December 31, 2019, the commissioner must adjust for inflation the applicable amounts under paragraph (b) as provided in section 270C.22. The statutory year is taxable year 2019. The amounts as adjusted must be rounded down to the nearest \$50 amount. The threshold amount for married individuals filing separate returns must be one-half of the adjusted amount for married individuals filing joint returns.

Subd. 3. **Taxes paid.** (a) A taxpayer is allowed a deduction for taxes paid. The deduction equals the sum of the following amounts for the taxable year:

(1) state and local personal property taxes, and state, local, and foreign real property taxes, in a total amount for both types not to exceed \$10,000, or \$5,000 for a married taxpayer filing a separate return;

(2) foreign income, war profits, and excess profits taxes to the extent not reduced by the federal foreign tax credit; and

(3) for individuals who are allowed a federal foreign tax credit for taxes that do not qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover of subnational foreign taxes for the taxable year, but not to exceed the total subnational foreign taxes reported in claiming the foreign tax credit, and to the extent not deducted under clause (2).

(b) For purposes of this subdivision, the following terms have the meanings given them:

(1) "carryover of subnational foreign taxes" equals the carryover allowed under section 904(c) of the Internal Revenue Code minus national level foreign taxes to the extent they exceed the federal foreign tax credit;

(2) "federal foreign tax credit" means the credit allowed under section 27 of the Internal Revenue Code; and

(3) "foreign, income, war profits, and excess profits taxes" and "state and local real and personal property taxes" have the meanings given in section 164 of the Internal Revenue Code.

**Subd. 4. Charitable contributions.** (a) A taxpayer is allowed a deduction for charitable contributions. The deduction equals the amount of the charitable contribution deduction allowable to the taxpayer under section 170 of the Internal Revenue Code, except that the provisions of section 170(b)(1)(G) apply regardless of the taxable year.

(b) For taxable years beginning after December 31, 2017, the determination of carryover amounts must be made by applying the rules under section 170 of the Internal Revenue Code based on the charitable contribution deductions claimed and allowable under this section.

**Subd. 5. Interest.** A taxpayer is allowed a deduction for interest. The deduction equals the amount allowed to the taxpayer as interest paid or accrued during the taxable year under section 163 of the Internal Revenue Code with the following exceptions:

(1) qualified residence interest excludes home equity interest;

(2) acquisition indebtedness must not exceed \$750,000, or \$375,000 for a married separate return, for indebtedness incurred on or after December 16, 2017; and

(3) mortgage insurance premiums treated as interest under section 163(h)(3)(E) are not interest for the purposes of this subdivision.

The definitions of terms under section 163 of the Internal Revenue Code apply for purposes of this subdivision.

**Subd. 6. Medical expenses.** A taxpayer is allowed a deduction for medical expenses. The deduction equals the amount allowed under section 213 of the Internal Revenue Code, except that the threshold percentage of adjusted gross income in paragraph (a) is ten percent regardless of the federal percentage for the taxable year.

**Subd. 7. Unreimbursed employee expenses.** A taxpayer is allowed a deduction for unreimbursed employee expenses. The deduction equals the amount of the taxpayer's trade or business expenses incurred as an employee and allowed under section 162 of the Internal Revenue Code in excess of two percent of the taxpayer's adjusted gross income, disregarding the suspension of the deduction in section 67, paragraph (g), of the Internal Revenue Code.

Subd. 8. **Losses.** A taxpayer is allowed a deduction for losses. The deduction equals the amount allowed under sections 165(d) and 165(h) of the Internal Revenue Code, disregarding the limitation on personal casualty losses in paragraph (h)(5).

Subd. 9. **Miscellaneous deduction.** A taxpayer is allowed a miscellaneous deduction. The deduction equals the sum of the following amounts for the taxable year:

- (1) impairment-related work expenses allowed under section 67(d) of the Internal Revenue Code;
- (2) the deduction for estate tax under section 691(c) of the Internal Revenue Code;
- (3) any deduction allowable in connection with personal property used in a short sale as described under section 67(b)(8);
- (4) the deduction under section 1341 of the Internal Revenue Code;
- (5) the deduction under section 72(b)(3) of the Internal Revenue Code;
- (6) the deduction under section 171 of the Internal Revenue Code; and
- (7) the deduction under section 216 of the Internal Revenue Code.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 18. **[290.0123] STANDARD DEDUCTION.**

Subdivision 1. **Standard deduction amount.** A taxpayer's standard deduction equals:

- (1) for a married joint filer or a surviving spouse, \$24,400;
- (2) for a head of household filer, \$18,350; or
- (3) for any other filer, \$12,200; plus
- (4) the additional amount for the taxpayer under subdivision 2.

A taxpayer's standard deduction amount is reduced in accordance with subdivision 5.

Subd. 2. **Additional amount for seniors or blind taxpayers.** (a) The additional amount equals the sum of the following amounts:

- (1) \$1,300 if the taxpayer has attained age 65 before the close of the taxable year or \$1,650 for such a taxpayer who is not married or a surviving spouse;
- (2) \$1,300 for the spouse of the taxpayer if the spouse has attained the age of 65 before the close of the taxable year and qualifies for an exemption under section 151(b) of the Internal Revenue Code;
- (3) \$1,300 if the taxpayer is blind at the close of the taxable year or \$1,650 for such a taxpayer who is not married or a surviving spouse; and

(4) \$1,300 for the spouse of the taxpayer if the spouse is blind as of the close of the taxable year and qualifies for an exemption under section 151(b) of the Internal Revenue Code.

(b) The commissioner must disregard section 151(d)(5) of the Internal Revenue Code when determining if the taxpayer's spouse is eligible for an exemption under paragraph (a).

**Subd. 3. Amount for dependents.** For an individual who is a dependent, as defined in section 152 of the Internal Revenue Code, of another taxpayer for a taxable year beginning in the calendar year in which the individual's taxable year begins, the standard deduction for that individual is limited to the greater of:

(1) \$1,100; or

(2) the lesser of (i) the sum of \$350 and that individual's earned income, as defined in section 32(c) of the Internal Revenue Code; or (ii) the standard deduction amount allowed under subdivision 1, clause (4).

**Subd. 4. Deduction disallowed.** The standard deduction is zero for (1) a married individual filing a separate return if either spouse itemizes deductions, and (2) an individual making a return for a period of less than twelve months on account of changes in the annual accounting period.

**Subd. 5. Deduction limited.** (a) The standard deduction of a taxpayer with adjusted gross income in excess of the applicable amount is reduced by the lesser of:

(1) three percent of the excess of the taxpayer's federal adjusted gross income over the applicable amount; or

(2) 80 percent of the standard deduction otherwise allowable under this section.

(b) "Applicable amount" means \$194,650, or \$97,325 for a married individual filing a separate return.

**Subd. 6. Inflation adjustment.** For taxable years beginning after December 31, 2019, the commissioner must adjust for inflation the standard deduction amounts in subdivision 1, the additional amounts in subdivision 2, the amounts in subdivision 3, and the applicable amounts in subdivision 5 as provided in section 270C.22. The statutory year is taxable year 2019. The amounts as adjusted must be rounded down to the nearest \$50 amount. The standard deduction amount for married individuals filing separate returns is one-half of the adjusted amount for married individuals filing joint returns.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 19. Minnesota Statutes 2018, section 290.0131, subdivision 1, is amended to read:

Subdivision 1. **Definition; scope.** (a) For the purposes of this section, "addition" means an amount that must be added to federal taxable income for a trust or an estate or federal adjusted gross income for an individual in computing net income for the taxable year to which the amounts relate.

(b) The additions in this section apply to individuals, estates, and trusts.

(c) Unless specifically indicated or unless the context clearly indicates otherwise, only amounts that were deducted or excluded in computing federal taxable income for a trust or an estate or federal adjusted gross income for individuals are an addition under this section.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 20. Minnesota Statutes 2018, section 290.0131, subdivision 3, is amended to read:

Subd. 3. **Income, sales and use, motor vehicle sales, or excise taxes paid.** ~~(a) For trusts and estates,~~ the amount of income, sales and use, motor vehicle sales, or excise taxes paid or accrued within the taxable year under this chapter and the amount of taxes based on net income, sales and use, motor vehicle sales, or excise taxes paid to any other state or to any province or territory of Canada is an addition to the extent deducted under section 63(d) of the Internal Revenue Code.

~~(b) The addition under paragraph (a) may not be more than the amount by which the state itemized deduction exceeds the amount of the standard deduction as defined in section 63(c) of the Internal Revenue Code. For the purpose of this subdivision, income, sales and use, motor vehicle sales, or excise taxes are the last itemized deductions disallowed under subdivision 12.~~

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 21. Minnesota Statutes 2018, section 290.0131, subdivision 10, is amended to read:

Subd. 10. **Section 179 expensing.** For property placed in service in taxable years beginning before January 1, 2018, 80 percent of the amount by which the deduction allowed under the dollar limits of section 179 of the Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal Revenue Code, as amended through December 31, 2003, is an addition.

**EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning after December 31, 2017.

Sec. 22. Minnesota Statutes 2018, section 290.0131, is amended by adding a subdivision to read:

Subd. 15. **529 plan addition.** The lesser of the following amounts is an addition:

(1) the total distributions for the taxable year from a qualified plan under section 529 of the Internal Revenue Code, owned by the taxpayer, that are expended for qualified higher education expenses under section 529(c)(7) of the Internal Revenue Code (expenses for tuition for elementary or secondary public, private, or religious school); or

(2) the total amount required to be reported to the taxpayer by any trustee of a qualified tuition plan under section 529 of the Internal Revenue Code as earnings on Internal Revenue Service Form 1099Q for the taxable year.

**EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning after December 31, 2017.

Sec. 23. Minnesota Statutes 2018, section 290.0131, is amended by adding a subdivision to read:

Subd. 16. **Section 199A addition.** For trusts and estates, the amount deducted under section 199A of the Internal Revenue Code in computing the trust or estate's federal taxable income is an addition.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 24. Minnesota Statutes 2018, section 290.0131, is amended by adding a subdivision to read:

Subd. 17. **Excess business losses.** (a) For taxable years beginning after December 31, 2025, the amount of a disallowed excess business loss under section 461(l) of the Internal Revenue Code is an addition, notwithstanding the limit on the limitation in section 461(l)(1) of the Internal Revenue Code to taxable years beginning before January 1, 2026.

(b) A net operating loss carryover is allowed in an amount equal to the amount allowed under section 461(1)(2) of the Internal Revenue Code, but only to the extent that the amount of losses allowed under section 172 of the Internal Revenue Code plus the amount of the carryover allowed under this subdivision does not exceed the limitation on the net operating loss deduction under section 172(a) of the Internal Revenue Code for any taxable year.

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

Sec. 25. Minnesota Statutes 2018, section 290.0131, is amended by adding a subdivision to read:

Subd. 18. **Moving expenses.** (a) For taxable years beginning after December 31, 2025, the amount of moving expenses deducted from adjusted gross income under section 217 of the Internal Revenue Code is an addition.

(b) For taxable years beginning after December 31, 2025, the amount of moving expenses excluded from gross income under section 132(a)(6) of the Internal Revenue Code is an addition, except in the case of a member of the Armed Forces of the United States on active duty who moves pursuant to a military order and incident to a permanent change of station.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2025.

Sec. 26. Minnesota Statutes 2018, section 290.0132, subdivision 1, is amended to read:

Subdivision 1. **Definition; scope.** (a) For the purposes of this section, "subtraction" means an amount that shall be subtracted from federal taxable income for a trust or an estate or federal adjusted gross income for an individual in computing net income for the taxable year to which the amounts relate.

(b) The subtractions in this section apply to individuals, estates, and trusts.

(c) Unless specifically indicated or unless the context clearly indicates otherwise, no amount deducted, subtracted, or otherwise excluded in computing federal taxable income for a trust or an estate or federal adjusted gross income for an individual is a subtraction under this section.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 27. Minnesota Statutes 2018, section 290.0132, subdivision 7, is amended to read:

Subd. 7. **Charitable contributions for taxpayers who do not itemize.** ~~To the extent not deducted or not deductible under section 408(d)(8)(E) of the Internal Revenue Code in determining federal taxable income by~~ For an individual who does not itemize deductions for federal income tax purposes under section 290.0132, subdivision 19, for the taxable year, an amount equal to 50 percent of the excess of charitable contributions over \$500 allowable as a deduction for the taxable year under section ~~170(a) of the Internal Revenue Code~~ 290.0122, subdivision 4, is a subtraction. The subtraction under this subdivision must not include a distribution that is excluded from federal adjusted gross income and that is not deductible under section 408(d)(8)(E) of the Internal Revenue Code.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 28. Minnesota Statutes 2018, section 290.0132, subdivision 18, is amended to read:

Subd. 18. **Net operating losses.** (a) The amount of the net operating loss allowed under section 290.095, subdivision 11, paragraph (c), is a subtraction.



(b) The amount of the net operating loss carryover allowed under section 290.0131, subdivision 17, is a subtraction.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2025.

Sec. 29. Minnesota Statutes 2018, section 290.0132, subdivision 19, is amended to read:

Subd. 19. **Disallowed Standard or itemized deductions.** (a) The standard deduction amount allowed under section 290.0123, subdivision 1, is a subtraction.

(b) A taxpayer may elect to claim a subtraction equal to the amount of the limitation on itemized deductions calculated under section 68(b) of the Internal Revenue Code is a subtraction 290.0122, subdivision 1, in lieu of the subtraction for the standard deduction in paragraph (a).

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 30. Minnesota Statutes 2018, section 290.0132, subdivision 20, is amended to read:

Subd. 20. **Disallowed Personal Dependent exemption.** The amount of the phaseout of personal exemptions under section 151(d) of the Internal Revenue Code is a subtraction. The dependent exemption under section 290.0121, paragraph (a), is a subtraction.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 31. Minnesota Statutes 2018, section 290.0132, subdivision 21, is amended to read:

Subd. 21. **Military service pension; retirement pay.** To the extent included in federal taxable adjusted gross income, compensation received from a pension or other retirement pay from the federal government for service in the military, as computed under United States Code, title 10, sections 1401 to 1414, 1447 to 1455, and 12733, is a subtraction. The subtraction is limited to individuals who do not claim the credit under section 290.0677.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 32. Minnesota Statutes 2018, section 290.0132, is amended by adding a subdivision to read:

Subd. 27. **Deferred foreign income of nonresidents.** For a nonresident individual the amount of deferred foreign income as defined in section 290.01, subdivision 19i, is a subtraction.

**EFFECTIVE DATE.** This section is effective retroactively at the same time as the changes in Public Law 115-97 relating to deferred foreign income were effective for federal purposes.

Sec. 33. Minnesota Statutes 2018, section 290.0132, is amended by adding a subdivision to read:

Subd. 28. **Global intangible low-taxed income.** The amount of global intangible low-taxed income included in gross income under section 951A of the Internal Revenue Code is a subtraction.

**EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning after December 31, 2017.

Sec. 34. Minnesota Statutes 2018, section 290.0133, subdivision 6, is amended to read:

Subd. 6. **Special deductions.** (a) The amount of any special deductions under sections 241 to 247, 250, and 965, except paragraph (h) of section 965, of the Internal Revenue Code is an addition.

(b) The addition under this subdivision is reduced by the amount of the deduction under section 245A of the Internal Revenue Code for an amount included in federal taxable income in a prior taxable year under section 965 of the Internal Revenue Code.

**EFFECTIVE DATE.** This section is effective retroactively at the same time as the changes in Public Law 115-97, relating to deferred foreign income and global intangible low-taxed income, were effective for federal purposes.

Sec. 35. Minnesota Statutes 2018, section 290.0133, subdivision 12, is amended to read:

Subd. 12. **Section 179 expensing.** For property placed in service in taxable years beginning before January 1, 2018, 80 percent of the amount by which the deduction allowed under the dollar limits of section 179 of the Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal Revenue Code, as amended through December 31, 2003, is an addition.

**EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning after December 31, 2017.

Sec. 36. Minnesota Statutes 2018, section 290.0134, is amended by adding a subdivision to read:

Subd. 27. **Global intangible low-taxed income.** The amount of global intangible low-taxed income included in gross income under section 951A of the Internal Revenue Code is a subtraction.

**EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning after December 31, 2017.

Sec. 37. Minnesota Statutes 2018, section 290.032, subdivision 2, is amended to read:

Subd. 2. **Computation.** The amount of tax imposed by subdivision 1 shall be computed in the same way as the tax imposed under section 402(d) of the Internal Revenue Code of 1986, as amended through December 31, 1995, except that the initial separate tax shall be an amount equal to five times the tax which would be imposed by section 290.06, subdivision 2c, if the recipient was an unmarried individual, and the taxable net income was an amount equal to one-fifth of the excess of

(i) the total taxable amount of the lump-sum distribution for the year, over

(ii) the minimum distribution allowance, and except that references in section 402(d) of the Internal Revenue Code of 1986, as amended through December 31, 1995, to paragraph (1)(A) thereof shall instead be references to subdivision 1, and the excess, if any, of the subtraction base amount over ~~federal~~ taxable net income for a qualified individual as provided under section 290.0802, subdivision 2.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 38. Minnesota Statutes 2018, section 290.05, subdivision 3, is amended to read:

Subd. 3. **Taxes imposed on exempt entities.** (a) An organization exempt from taxation under subdivision 2 shall, nevertheless, be subject to tax under this chapter to the extent provided in the following provisions of the Internal Revenue Code:

- (1) section 527 (dealing with political organizations);
- (2) section 528 (dealing with certain homeowners associations);
- (3) sections 511 to 515 (dealing with unrelated business income);
- (4) section 521 (dealing with farmers' cooperatives); and

(5) section 6033(e)(2) (dealing with lobbying expense); but notwithstanding this subdivision, shall be considered an organization exempt from income tax for the purposes of any law which refers to organizations exempt from income taxes.

(b) The tax shall be imposed on the taxable income of political organizations or homeowner associations or the unrelated business taxable income, as defined in section 512 of the Internal Revenue Code, of organizations defined in section 511 of the Internal Revenue Code, provided that the tax is not imposed on:

(1) advertising revenues from a newspaper published by an organization described in section 501(c)(4) of the Internal Revenue Code; ~~or~~

(2) revenues from lawful gambling authorized under chapter 349 that are expended for purposes that qualify for the deduction for charitable contributions under section 170 of the Internal Revenue Code, disregarding the limitation under section 170(b)(2), but only to the extent the contributions are not deductible in computing federal taxable income; or

(3) amounts included in unrelated business taxable income under section 512(a)(7) of the Internal Revenue Code.

The tax shall be at the corporate rates. The tax shall only be imposed on income and deductions assignable to this state under sections 290.17 to 290.20. To the extent deducted in computing federal taxable income, the deductions contained in section 290.21 shall not be allowed in computing Minnesota taxable net income.

(c) The tax shall be imposed on organizations subject to federal tax under section 6033(e)(2) of the Internal Revenue Code, in an amount equal to the corporate tax rate multiplied by the amount of lobbying expenses taxed under section 6033(e)(2) which are attributable to lobbying the Minnesota state government.

(d) In calculating unrelated business taxable income under section 512 of the Internal Revenue Code, the amount of any net operating loss deduction claimed under section 172 of the Internal Revenue Code is an addition. Taxpayers making an addition under this paragraph may deduct a net operating loss for the taxable year in the same manner as a corporation under section 290.095, in a form and manner prescribed by the commissioner, and may calculate the loss without the application of the limitation provided for under section 512(a)(6) of the Internal Revenue Code.

**EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning after December 31, 2017.

Sec. 39. Minnesota Statutes 2018, section 290.06, subdivision 2d, is amended to read:

Subd. 2d. **Inflation adjustment of brackets.** ~~(a) For taxable years beginning after December 31, 2013, The commissioner shall annually adjust the minimum and maximum dollar amounts for each rate bracket for which a tax is imposed in subdivision 2c shall be adjusted for inflation by the percentage determined under paragraph (b). For the purpose of making the adjustment as provided in this subdivision all of the rate brackets provided in subdivision 2c shall be the rate brackets as they existed for taxable years beginning after December 31, 2012, and before January 1,~~

2014 as provided in section 270C.22. The statutory year is taxable year 2019. The rate applicable to any rate bracket must not be changed. The dollar amounts setting forth the tax shall be adjusted to reflect the changes in the rate brackets. The rate brackets as adjusted must be rounded to the nearest \$10 amount. If the rate bracket ends in \$5, it must be rounded up to the nearest \$10 amount.

~~(b) The commissioner shall adjust the rate brackets and by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "2012" shall be substituted for the word "1992." For 2014, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2012, to the 12 months ending on August 31, 2013, and in each subsequent year, from the 12 months ending on August 31, 2012, to the 12 months ending on August 31 of the year preceding the taxable year. The determination of the commissioner pursuant to this subdivision shall not be considered a "rule" and shall not be subject to the Administrative Procedure Act contained in chapter 14.~~

~~No later than December 15 of each year, the commissioner shall announce the specific percentage that will be used to adjust the tax rate brackets.~~

**EFFECTIVE DATE.** This section is effective for adjustments beginning with taxable years beginning after December 31, 2019.

Sec. 40. Minnesota Statutes 2018, section 290.06, subdivision 2h, is amended to read:

Subd. 2h. **Section 529 plan recapture.** (a) For the purposes of this subdivision:

(1) the definitions under section 290.0684 apply;

(2) "account owner" means an individual who owns one or more qualified accounts;

(3) "credit ratio" means the ratio of (i) two times the total amount of credits that an account owner claimed under section 290.0684 for contributions to the account owner's qualified accounts to (ii) the total contributions in all taxable years to the account owner's qualified accounts; ~~and~~

(4) "qualified higher education expenses" has the meaning given in section 529(e)(3) of the Internal Revenue Code, except section 529(c)(7) does not apply; and

(5) "subtraction ratio" means the ratio of (i) the total amount of subtractions that an account owner claimed under section 290.0132, subdivision 23, for contributions to the account owner's qualified accounts to (ii) the total contributions in all taxable years to the account owner's qualified accounts.

(b) If a distribution from a qualified account is used for a purpose other than to pay for qualified higher education expenses, the account owner must pay an additional tax equal to:

(1) 50 percent of the product of the credit ratio and the amount of the distribution; plus

(2) ten percent of the product of the subtraction ratio and the amount of the distribution.

(c) The additional tax under this subdivision does not apply to any portion of a distribution that is subject to the additional tax under section 529(c)(6) of the Internal Revenue Code.

**EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning after December 31, 2017.

Sec. 41. Minnesota Statutes 2018, section 290.067, subdivision 2b, is amended to read:

Subd. 2b. **Inflation adjustment.** The commissioner shall annually adjust the dollar amount of the income threshold at which the maximum credit begins to be reduced under subdivision 1 ~~by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "2016" shall be substituted for the word "1992."~~ For 2018, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2016, to the 12 months ending on August 31, 2017, and in each subsequent year, from the 12 months ending on August 31, 2016, to the 12 months ending on August 31 of the year preceding the taxable year. The determination of the commissioner pursuant to this subdivision must not be considered a "rule" and is not subject to the Administrative Procedure Act contained in chapter 14. The threshold amount as adjusted must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount as provided in section 270C.22. The statutory year is taxable year 2019.

**EFFECTIVE DATE.** This section is effective for adjustments beginning with taxable years beginning after December 31, 2019.

Sec. 42. Minnesota Statutes 2018, section 290.0671, subdivision 7, is amended to read:

Subd. 7. **Inflation adjustment.** The commissioner shall annually adjust the earned income amounts used to calculate the credit and the income phase-out thresholds at which the maximum credit begins to be reduced in subdivision 1 must be adjusted for inflation. The commissioner shall adjust by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "2013" shall be substituted for the word "1992." For 2015, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2013, to the 12 months ending on August 31, 2014, and in each subsequent year, from the 12 months ending on August 31, 2013, to the 12 months ending on August 31 of the year preceding the taxable year. The earned income thresholds as adjusted for inflation must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act as provided in section 270C.22. The statutory year is taxable year 2019.

**EFFECTIVE DATE.** This section is effective for adjustments for taxable years beginning after December 31, 2019.

Sec. 43. Minnesota Statutes 2018, section 290.0672, subdivision 1, is amended to read:

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

(b) "Long-term care insurance" means a policy that:

(1) qualifies for a deduction under section 213 of the Internal Revenue Code, disregarding the adjusted gross income test; or meets the requirements given in section 62A.46; or provides similar coverage issued under the laws of another jurisdiction; and

(2) has a lifetime long-term care benefit limit of not less than \$100,000; and

(3) has been offered in compliance with the inflation protection requirements of section 62S.23.

(c) "Qualified beneficiary" means the taxpayer or the taxpayer's spouse.

(d) "Premiums deducted in determining ~~federal taxable net~~ income" means the lesser of (1) long-term care insurance premiums that qualify as deductions under section 213 of the Internal Revenue Code; and (2) the total amount deductible for medical care under ~~section 213 of the Internal Revenue Code~~ section 290.0122, subdivision 6, if the taxpayer itemizes deductions for the tax year.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 44. Minnesota Statutes 2018, section 290.0672, subdivision 2, is amended to read:

Subd. 2. **Credit.** A taxpayer is allowed a credit against the tax imposed by this chapter for long-term care insurance policy premiums paid during the tax year. The credit for each policy equals 25 percent of premiums paid to the extent not deducted in determining ~~federal taxable net~~ income. A taxpayer may claim a credit for only one policy for each qualified beneficiary. A maximum of \$100 applies to each qualified beneficiary. The maximum total credit allowed per year is \$200 for married couples filing joint returns and \$100 for all other filers. For a nonresident or part-year resident, the credit determined under this section must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 45. Minnesota Statutes 2018, section 290.0675, subdivision 1, is amended to read:

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

(b) "Earned income" means the sum of the following, to the extent included in Minnesota taxable income:

(1) earned income as defined in section 32(c)(2) of the Internal Revenue Code;

(2) income received from a retirement pension, profit-sharing, stock bonus, or annuity plan; and

(3) Social Security benefits as defined in section 86(d)(1) of the Internal Revenue Code.

(c) "Taxable income" means net income as defined in section 290.01, subdivision 19.

(d) "Earned income of lesser-earning spouse" means the earned income of the spouse with the lesser amount of earned income as defined in paragraph (b) for the taxable year minus the sum of (i) the amount for one exemption under ~~section 451(d) of the Internal Revenue Code 290.0121, subdivision 1, paragraph (b),~~ and (ii) one-half the amount of the standard deduction under ~~section 63(c)(2)(A) and (4) of the Internal Revenue Code 290.0123, subdivision 1, clause (1).~~

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 46. Minnesota Statutes 2018, section 290.0681, subdivision 1, is amended to read:

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

(b) "Account" means the historic credit administration account in the special revenue fund.

(c) "Office" means the State Historic Preservation Office of the Department of Administration.

(d) "Project" means rehabilitation of a certified historic structure, as defined in section 47(c)(3)(A) of the Internal Revenue Code, that is located in Minnesota and is allowed a federal credit.

(e) "Federal credit" means the credit allowed under section ~~47(a)(2)~~ 47(a) of the Internal Revenue Code, except that the amount allowed is deemed to be allocated in the taxable year that the project is placed in service.

(f) "Placed in service" has the meaning used in section 47 of the Internal Revenue Code.

(g) "Qualified rehabilitation expenditures" has the meaning given in section 47 of the Internal Revenue Code.

**EFFECTIVE DATE.** This section is effective retroactively for applications for allocation certificates submitted after December 31, 2017.

Sec. 47. Minnesota Statutes 2018, section 290.0681, subdivision 2, is amended to read:

Subd. 2. **Credit or grant allowed; certified historic structure.** (a) A credit is allowed against the tax imposed under this chapter equal to not more than 100 percent of the credit allowed under section ~~47(a)(2)~~ 47(a) of the Internal Revenue Code for a project. The credit is payable in full in the taxable year the project is placed in service. To qualify for the credit:

(1) the project must receive Part 3 certification and be placed in service during the taxable year; and

(2) the taxpayer must be allowed the federal credit and be issued a credit certificate for the taxable year as provided in subdivision 4.

(b) The commissioner of administration may pay a grant in lieu of the credit. The grant equals 90 percent of the credit that would be allowed for the project. The grant is payable in full in the taxable year the project is placed in service.

(c) In lieu of the credit under paragraph (a), an insurance company may claim a credit against the insurance premiums tax imposed under chapter 297I.

**EFFECTIVE DATE.** This section is effective retroactively for applications for allocation certificates submitted after December 31, 2017.

Sec. 48. Minnesota Statutes 2018, section 290.0684, subdivision 1, is amended to read:

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

(b) "Contribution" means the amount contributed to one or more qualified accounts except that the amount:

(1) is reduced by any withdrawals or distributions, other than transfers or rollovers to another qualified account, from a qualified account during the taxable year; and

(2) excludes the amount of any transfers or rollovers from a qualified account made during the taxable year.

(c) "Federal adjusted gross income" has the meaning given under section 62(a) of the Internal Revenue Code.

(d) "Qualified account" means an account qualifying under section 529 of the Internal Revenue Code.

~~(e) "Qualified higher education expenses" has the meaning given in section 529 of the Internal Revenue Code.~~

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

Sec. 49. Minnesota Statutes 2018, section 290.0684, subdivision 2, is amended to read:

Subd. 2. **Credit allowed.** (a) An individual who is a resident of Minnesota is allowed a credit against the tax imposed by this chapter. The credit is not allowed to an individual who is eligible to be claimed as a dependent, as defined in sections 151 and 152 of the Internal Revenue Code. The credit may not exceed the liability for tax under this chapter.

(b) The amount of the credit allowed equals 50 percent of contributions for the taxable year. The maximum credit is \$500, subject to the phaseout in paragraphs (c) and (d). In no case is the credit less than zero.

(c) For individual filers, the maximum credit is reduced by two percent of adjusted gross income in excess of \$75,000.

(d) For married couples filing a joint return, the maximum credit is phased out as follows:

(1) for married couples with adjusted gross income in excess of \$75,000, but not more than \$100,000, the maximum credit is reduced by one percent of adjusted gross income in excess of \$75,000;

(2) for married couples with adjusted gross income in excess of \$100,000, but not more than \$135,000, the maximum credit is \$250; and

(3) for married couples with adjusted gross income in excess of \$135,000, the maximum credit is \$250, reduced by one percent of adjusted gross income in excess of \$135,000.

(e) ~~The commissioner shall annually adjust the income thresholds in paragraphs (c) and (d) used to calculate the maximum credit must be adjusted for inflation. The commissioner shall adjust the income thresholds by the percentage determined under the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "2016" is substituted for the word "1992." For 2018, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2016, to the 12 months ending on August 31, 2017, and in each subsequent year, from the 12 months ending on August 31, 2016, to the 12 months ending on August 31 of the year preceding the taxable year. The income thresholds as adjusted for inflation must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount. The determination of the commissioner under this subdivision is not subject to chapter 14, including section 14.386 as provided in section 270C.22. The statutory year is taxable year 2019.~~

**EFFECTIVE DATE.** This section is effective for adjustments beginning with taxable years beginning after December 31, 2019.

Sec. 50. Minnesota Statutes 2018, section 290.0802, subdivision 2, is amended to read:

Subd. 2. **Subtraction.** (a) A qualified individual is allowed a subtraction from federal ~~taxable~~ adjusted gross income of the individual's subtraction base amount. The excess of the subtraction base amount over the taxable net income computed without regard to the subtraction for the elderly or disabled under section 290.0132, subdivision 5, may be used to reduce the amount of a lump sum distribution subject to tax under section 290.032.

(b)(1) The initial subtraction base amount equals

(i) \$12,000 for a married taxpayer filing a joint return if a spouse is a qualified individual,

(ii) \$9,600 for a single taxpayer, and



(iii) \$6,000 for a married taxpayer filing a separate federal return.

(2) The qualified individual's initial subtraction base amount, then, must be reduced by the sum of nontaxable retirement and disability benefits and one-half of the amount of adjusted gross income in excess of the following thresholds:

(i) \$18,000 for a married taxpayer filing a joint return if both spouses are qualified individuals,

(ii) \$14,500 for a single taxpayer or for a married couple filing a joint return if only one spouse is a qualified individual, and

(iii) \$9,000 for a married taxpayer filing a separate federal return.

(3) In the case of a qualified individual who is under the age of 65, the maximum amount of the subtraction base may not exceed the taxpayer's disability income.

(4) The resulting amount is the subtraction base amount.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 51. Minnesota Statutes 2018, section 290.091, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For purposes of the tax imposed by this section, the following terms have the meanings given.

(a) "Alternative minimum taxable income" means the sum of the following for the taxable year:

(1) the taxpayer's federal alternative minimum taxable income as defined in section 55(b)(2) of the Internal Revenue Code;

(2) the taxpayer's itemized deductions allowed in computing federal alternative minimum taxable income, but excluding:

(i) the charitable contribution deduction under section 170 of the Internal Revenue Code;

(ii) the medical expense deduction;

(iii) the casualty, theft, and disaster loss deduction; and

(iv) the impairment-related work expenses of a disabled person;

(3) for depletion allowances computed under section 613A(c) of the Internal Revenue Code, with respect to each property (as defined in section 614 of the Internal Revenue Code), to the extent not included in federal alternative minimum taxable income, the excess of the deduction for depletion allowable under section 611 of the Internal Revenue Code for the taxable year over the adjusted basis of the property at the end of the taxable year (determined without regard to the depletion deduction for the taxable year);

(4) to the extent not included in federal alternative minimum taxable income, the amount of the tax preference for intangible drilling cost under section 57(a)(2) of the Internal Revenue Code determined without regard to subparagraph (E);

(5) to the extent not included in federal alternative minimum taxable income, the amount of interest income as provided by section 290.0131, subdivision 2; ~~and~~

(6) the amount of addition required by section 290.0131, subdivisions ~~9 to 11~~, 10, and 16; and

(7) the deduction allowed under section 199A of the Internal Revenue Code, to the extent not included in the addition required under clause (6);

less the sum of the amounts determined under the following:

(i) interest income as defined in section 290.0132, subdivision 2;

(ii) an overpayment of state income tax as provided by section 290.0132, subdivision 3, to the extent included in federal alternative minimum taxable income;

(iii) the amount of investment interest paid or accrued within the taxable year on indebtedness to the extent that the amount does not exceed net investment income, as defined in section 163(d)(4) of the Internal Revenue Code. Interest does not include amounts deducted in computing federal adjusted gross income;

(iv) amounts subtracted from federal taxable income as provided by section 290.0132, subdivisions 7, 9 to 15, 17, 21, 24, and ~~26 to 29~~; ~~and~~

(v) the amount of the net operating loss allowed under section 290.095, subdivision 11, paragraph (c); ~~and~~

(vi) the amount allowable as a Minnesota itemized deduction under section 290.0122, subdivision 7.

In the case of an estate or trust, alternative minimum taxable income must be computed as provided in section 59(c) of the Internal Revenue Code, except alternative minimum taxable income must be increased by the addition in section 290.0131, subdivision 16.

(b) "Investment interest" means investment interest as defined in section 163(d)(3) of the Internal Revenue Code.

(c) "Net minimum tax" means the minimum tax imposed by this section.

(d) "Regular tax" means the tax that would be imposed under this chapter (without regard to this section and section 290.032), reduced by the sum of the nonrefundable credits allowed under this chapter.

(e) "Tentative minimum tax" equals 6.75 percent of alternative minimum taxable income after subtracting the exemption amount determined under subdivision 3.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 52. Minnesota Statutes 2018, section 290.091, subdivision 3, is amended to read:

Subd. 3. **Exemption amount.** (a) For purposes of computing the alternative minimum tax, the exemption amount is, ~~for taxable years beginning after December 31, 2005~~, \$60,000 for married couples filing joint returns, \$30,000 for married individuals filing separate returns, estates, and trusts, and \$45,000 for unmarried individuals.

(b) The exemption amount determined under this subdivision is subject to the phase out under section ~~55(d)(3)~~ 55(d)(2) of the Internal Revenue Code, except that alternative minimum taxable income as determined under this section must be substituted in the computation of the phase out, and section 55(d)(4) of the Internal Revenue Code does not apply.

~~(c) For taxable years beginning after December 31, 2006, The commissioner shall annually adjust the exemption amount under amounts in paragraph (a) must be adjusted for inflation. The commissioner shall adjust the exemption amount by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "2005" shall be substituted for the word "1992." For 2007, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2005, to the 12 months ending on August 31, 2006, and in each subsequent year, from the 12 months ending on August 31, 2005, to the 12 months ending on August 31 of the year preceding the taxable year. The exemption amount as adjusted must be rounded to the nearest \$10. If the amount ends in \$5, it must be rounded up to the nearest \$10 amount. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act as provided in section 270C.22. The statutory year is taxable year 2019.~~

**EFFECTIVE DATE.** (a) The amendment to paragraph (b) is effective the day following final enactment.

(b) The amendment to paragraph (c) is effective for taxable years beginning after December 31, 2019.

Sec. 53. Minnesota Statutes 2018, section 290.0921, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the meanings given them.

(b) "Alternative minimum taxable net income" is alternative minimum taxable income,

(1) less the exemption amount, and

(2) apportioned or allocated to Minnesota under section 290.17, 290.191, or 290.20.

(c) The "exemption amount" is \$40,000, reduced, but not below zero, by 25 percent of the excess of alternative minimum taxable income over \$150,000.

(d) "Minnesota alternative minimum taxable income" is alternative minimum taxable net income, less the deductions for alternative tax net operating loss under subdivision 4; and dividends received under subdivision 6. The sum of the deductions under this paragraph may not exceed 90 percent of alternative minimum taxable net income. This limitation does not apply to:

(1) a deduction for dividends paid to or received from a corporation which is subject to tax under section 290.36 and which is a member of an affiliated group of corporations as defined by the Internal Revenue Code; or

(2) a deduction for dividends received from a property and casualty insurer as defined under section 60A.60, subdivision 8, which is a member of an affiliated group of corporations as defined by the Internal Revenue Code and either: (i) the dividend is eliminated in consolidation under Treasury Regulation 1.1502-14(a), as amended through December 31, 1989; or (ii) the dividend is deducted under an election under section 243(b) of the Internal Revenue Code.

(e) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 16, 2016.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 54. Minnesota Statutes 2018, section 290.0922, subdivision 1, is amended to read:

Subdivision 1. **Imposition.** (a) In addition to the tax imposed by this chapter without regard to this section, the franchise tax imposed on a corporation required to file under section 289A.08, subdivision 3, other than a corporation treated as an "S" corporation under section 290.9725 for the taxable year includes a tax equal to the following amounts:

If the sum of the corporation's Minnesota property, payrolls, and sales or receipts is:

the tax equals:

less than	\$930,000	\$0
\$930,000 to	\$1,869,999	\$190
\$1,870,000 to	\$9,339,999	\$560
\$9,340,000 to	\$18,679,999	\$1,870
\$18,680,000 to	\$37,359,999	\$3,740
\$37,360,000 or more		\$9,340

(b) A tax is imposed for each taxable year on a corporation required to file a return under section 289A.12, subdivision 3, that is treated as an "S" corporation under section 290.9725 and on a partnership required to file a return under section 289A.12, subdivision 3, other than a partnership that derives over 80 percent of its income from farming. The tax imposed under this paragraph is due on or before the due date of the return for the taxpayer due under section 289A.18, subdivision 1. The commissioner shall prescribe the return to be used for payment of this tax. The tax under this paragraph is equal to the following amounts:

If the sum of the S corporation's or partnership's Minnesota property, payrolls, and sales or receipts is:

the tax equals:

less than	\$930,000	\$0
\$930,000 to	\$1,869,999	\$190
\$1,870,000 to	\$9,339,999	\$560
\$9,340,000 to	\$18,679,999	\$1,870
\$18,680,000 to	\$37,359,999	\$3,740
\$37,360,000 or more		\$9,340

(c) The commissioner shall annually adjust the dollar amounts of both the tax and the property, payrolls, and sales or receipts thresholds in paragraphs (a) and (b) ~~by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "2012" must be substituted for the word "1992."~~ For 2014, the commissioner shall determine the percentage change from the 12 months ending on August 31, 2012, to the 12 months ending on August 31, 2013, and in each subsequent year, from the 12 months ending on August 31, 2012, to the 12 months ending on August 31 of the year preceding the taxable year. ~~The determination of the commissioner pursuant to this subdivision is not a "rule" subject to the Administrative Procedure Act contained in chapter 14 as provided in section 270C.22.~~ The statutory year is taxable year 2019. The tax amounts as adjusted must be rounded to the nearest \$10 amount and the threshold amounts must be adjusted to the nearest \$10,000 amount. For tax amounts that end in \$5, the amount is rounded up to the nearest \$10 amount and for the threshold amounts that end in \$5,000, the amount is rounded up to the nearest \$10,000.

**EFFECTIVE DATE.** This section is effective for adjustments beginning with taxable years beginning after December 31, 2019.

Sec. 55. Minnesota Statutes 2018, section 290.095, subdivision 2, is amended to read:

Subd. 2. **Defined and limited.** (a) The term "net operating loss" as used in this section shall mean a net operating loss as defined in section 172(c) of the Internal Revenue Code, with the modifications specified in subdivision 4. The deductions provided in section 290.21 cannot be used in the determination of a net operating loss.

(b) The term "net operating loss deduction" as used in this section means the aggregate of the net operating loss carryovers to the taxable year, computed in accordance with subdivision 3. The provisions of section 172(b) of the Internal Revenue Code relating to the carryback of net operating losses, do not apply.

(c) The amount of net operating loss deduction under this section must not exceed 80 percent of taxable net income in a single taxable year.

**EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning after December 31, 2017.

Sec. 56. Minnesota Statutes 2018, section 290.17, subdivision 2, is amended to read:

Subd. 2. **Income not derived from conduct of a trade or business.** The income of a taxpayer subject to the allocation rules that is not derived from the conduct of a trade or business must be assigned in accordance with paragraphs (a) to (f):

(a)(1) Subject to paragraphs (a)(2) and (a)(3), income from wages as defined in section 3401(a) ~~and~~, (f), and (i) of the Internal Revenue Code is assigned to this state if, and to the extent that, the work of the employee is performed within it; all other income from such sources is treated as income from sources without this state.

Severance pay shall be considered income from labor or personal or professional services.

(2) In the case of an individual who is a nonresident of Minnesota and who is an athlete or entertainer, income from compensation for labor or personal services performed within this state shall be determined in the following manner:

(i) the amount of income to be assigned to Minnesota for an individual who is a nonresident salaried athletic team employee shall be determined by using a fraction in which the denominator contains the total number of days in which the individual is under a duty to perform for the employer, and the numerator is the total number of those days spent in Minnesota. For purposes of this paragraph, off-season training activities, unless conducted at the team's facilities as part of a team imposed program, are not included in the total number of duty days. Bonuses earned as a result of play during the regular season or for participation in championship, play-off, or all-star games must be allocated under the formula. Signing bonuses are not subject to allocation under the formula if they are not conditional on playing any games for the team, are payable separately from any other compensation, and are nonrefundable; and

(ii) the amount of income to be assigned to Minnesota for an individual who is a nonresident, and who is an athlete or entertainer not listed in item (i), for that person's athletic or entertainment performance in Minnesota shall be determined by assigning to this state all income from performances or athletic contests in this state.

(3) For purposes of this section, amounts received by a nonresident as "retirement income" as defined in section (b)(1) of the State Income Taxation of Pension Income Act, Public Law 104-95, are not considered income derived from carrying on a trade or business or from wages or other compensation for work an employee performed in Minnesota, and are not taxable under this chapter.

(b) Income or gains from tangible property located in this state that is not employed in the business of the recipient of the income or gains must be assigned to this state.

(c) Income or gains from intangible personal property not employed in the business of the recipient of the income or gains must be assigned to this state if the recipient of the income or gains is a resident of this state or is a resident trust or estate.

Gain on the sale of a partnership interest is allocable to this state in the ratio of the original cost of partnership tangible property in this state to the original cost of partnership tangible property everywhere, determined at the time of the sale. If more than 50 percent of the value of the partnership's assets consists of intangibles, gain or loss from the sale of the partnership interest is allocated to this state in accordance with the sales factor of the partnership for its first full tax period immediately preceding the tax period of the partnership during which the partnership interest was sold.

Gain on the sale of an interest in a single member limited liability company that is disregarded for federal income tax purposes is allocable to this state as if the single member limited liability company did not exist and the assets of the limited liability company are personally owned by the sole member.

Gain on the sale of goodwill or income from a covenant not to compete that is connected with a business operating all or partially in Minnesota is allocated to this state to the extent that the income from the business in the year preceding the year of sale was allocable to Minnesota under subdivision 3.

When an employer pays an employee for a covenant not to compete, the income allocated to this state is in the ratio of the employee's service in Minnesota in the calendar year preceding leaving the employment of the employer over the total services performed by the employee for the employer in that year.

(d) Income from winnings on a bet made by an individual while in Minnesota is assigned to this state. In this paragraph, "bet" has the meaning given in section 609.75, subdivision 2, as limited by section 609.75, subdivision 3, clauses (1), (2), and (3).

(e) All items of gross income not covered in paragraphs (a) to (d) and not part of the taxpayer's income from a trade or business shall be assigned to the taxpayer's domicile.

(f) For the purposes of this section, working as an employee shall not be considered to be conducting a trade or business.

**EFFECTIVE DATE.** This section is effective for wages paid after December 31, 2018.

Sec. 57. Minnesota Statutes 2018, section 290.17, is amended by adding a subdivision to read:

**Subd. 4a. Controlled foreign corporations.** (a) For purposes of applying subdivision 4, a controlled foreign corporation as defined in section 957 of the Internal Revenue Code is deemed to be a domestic corporation if:

(1) a United States shareholder of a controlled foreign corporation is required for the taxable year to include in gross income the shareholder's global intangible low-taxed income under section 951A of the Internal Revenue Code; and

(2) the commissioner determines that the controlled foreign corporation is a member of a unitary group.

The determination made by the commissioner under clause (2) is prima facie correct and valid and the taxpayer subject to this determination has the burden of establishing the determination's incorrectness or invalidity in any related action or proceeding.

(b) For purposes of imposing a tax under this chapter, the federal taxable income of a controlled foreign corporation deemed to be a domestic corporation under this subdivision must be computed as follows:

(1) a profit and loss statement must be prepared in the currency in which the books of account of the controlled foreign corporation are regularly maintained;

(2) except as determined by the commissioner, adjustments must be made to the profit and loss statement to conform the statement to the accounting principles generally accepted in the United States for the preparation of those statements;

(3) adjustments must be made to the profit and loss statement to conform it to the tax accounting standards required by the commissioner;

(4) unless otherwise authorized by the commissioner, the profit and loss statement of each member of the combined group, and the apportionment factors related to the combined group, whether domestic or foreign, must be converted into the currency in which the parent company maintains its books and records; and

(5) income apportioned to this state must be expressed in United States dollars.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 58. Minnesota Statutes 2018, section 290.17, is amended by adding a subdivision to read:

**Subd. 4b. Worldwide election.** (a) Taxpayer members of a unitary group, one or more members of which are subject to the requirements of subdivision 4a, paragraph (a), for the taxable year may elect to determine each of their apportioned shares of the net business income or loss of the combined group under a worldwide election. Under such an election, taxpayer members must take into account the entire income and apportionment factors of each member of the unitary group, regardless of the place where a member is incorporated or formed. Corporations or other entities incorporated or formed outside of the United States are subject to the requirements of subdivision 4a, paragraph (b), in reporting their income.

(b) A worldwide election is effective only if made on a timely filed, original return for the tax year by each member of the unitary group subject to tax under this chapter.

(c) A worldwide election is binding for and applies to the taxable year it is made and for the ten following taxable years.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 59. Minnesota Statutes 2018, section 290.17, is amended by adding a subdivision to read:

**Subd. 4c. Withdrawal; reinstatement.** (a) The election under subdivision 4b, paragraph (a), may be withdrawn:

(1) after expiration of the ten-year period in subdivision 4b, paragraph (c), provided that the withdrawal is made in writing within one year of the expiration of the election; or

(2) prior to the expiration of the ten-year period, if the taxpayer members:

(i) file a written withdrawal request with the commissioner of revenue;

(ii) would experience an extraordinary hardship due to unforeseen changes in this state's tax statutes, laws, or policies; and

(iii) receive written permission from the commissioner approving the withdrawal, which the commissioner may grant.

(b) A withdrawal made under paragraph (a) is binding for ten years. If no withdrawal is properly made under paragraph (a), clause (1), the worldwide election is binding for an additional ten taxable years. If the commissioner grants written permission to withdraw under paragraph (a), clause (2), the commissioner must impose any requirement deemed necessary to prevent evasion of tax or to clearly reflect income for the election period before or after withdrawal.

(c) Notwithstanding the requirement binding withdrawal for ten years under paragraph (b), the election may be reinstated if the taxpayer members:

(1) file a written reinstatement request with the commissioner of revenue;

(2) would experience an extraordinary hardship due to unforeseen changes in this state's tax statutes, laws, or policies; and

(3) receive written permission from the commissioner approving the reinstatement, which the commissioner may grant.

(d) A reinstatement under paragraph (c) is binding for a period of ten years. The withdrawal provisions of paragraph (a) apply to a reinstatement under paragraph (c), and the provisions of paragraph (c) apply to a reinstatement following a subsequent withdrawal.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 60. Minnesota Statutes 2018, section 290.21, is amended by adding a subdivision to read:

Subd. 9. **Controlled foreign corporations.** The net income of a domestic corporation that is included pursuant to sections 951 and 965 of the Internal Revenue Code is dividend income.

**EFFECTIVE DATE.** This section is effective retroactively at the same time as the changes in Public Law 115-97 relating to deferred foreign income were effective for federal purposes.

Sec. 61. Minnesota Statutes 2018, section 290.92, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (1) **Wages.** For purposes of this section, the term "wages" means the same as that term is defined in section 3401(a) ~~and~~, (f), and (i) of the Internal Revenue Code.

(2) **Payroll period.** For purposes of this section the term "payroll period" means a period for which a payment of wages is ordinarily made to the employee by the employee's employer, and the term "miscellaneous payroll period" means a payroll period other than a daily, weekly, biweekly, semimonthly, monthly, quarterly, semiannual, or annual payroll period.

(3) **Employee.** For purposes of this section the term "employee" means any resident individual performing services for an employer, either within or without, or both within and without the state of Minnesota, and every nonresident individual performing services within the state of Minnesota, the performance of which services constitute, establish, and determine the relationship between the parties as that of employer and employee. As used in the preceding sentence, the term "employee" includes an officer of a corporation, and an officer, employee, or elected official of the United States, a state, or any political subdivision thereof, or the District of Columbia, or any agency or instrumentality of any one or more of the foregoing.

(4) **Employer.** For purposes of this section the term "employer" means any person, including individuals, fiduciaries, estates, trusts, partnerships, limited liability companies, and corporations transacting business in or deriving any income from sources within the state of Minnesota for whom an individual performs or performed any service, of whatever nature, as the employee of such person, except that if the person for whom the individual performs or performed the services does not have control of the payment of the wages for such services, the term "employer," except for purposes of paragraph (1), means the person having control of the payment of such wages. As used in the preceding sentence, the term "employer" includes any corporation, individual, estate, trust, or organization which is exempt from taxation under section 290.05 and further includes, but is not limited to, officers of corporations who have control, either individually or jointly with another or others, of the payment of the wages.



(5) **Number of withholding exemptions claimed.** For purposes of this section, the term "number of withholding exemptions claimed" means the number of withholding exemptions claimed in a withholding exemption certificate in effect under subdivision 5, except that if no such certificate is in effect, the number of withholding exemptions claimed shall be considered to be zero.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 62. Minnesota Statutes 2018, section 290.92, subdivision 5, is amended to read:

Subd. 5. **Exemptions.** (1) **Entitlement.** An employee receiving wages shall on any day be entitled to claim withholding exemptions in a number not to exceed the number of withholding exemptions that the employee claims and that are allowable pursuant to section 3402(f)(1), (m), and (n) of the Internal Revenue Code for federal withholding purposes, except:

(i) the standard deduction amount for the purposes of section 3402(f)(1)(E) of the Internal Revenue Code shall be the amount calculated under section 290.0123, subdivision 1; and

(ii) the exemption amount for the purposes of section 3402(f)(1)(A) of the Internal Revenue Code shall be the amount calculated under section 290.0121, subdivision 1.

(2) **Withholding exemption certificate.** The provisions concerning exemption certificates contained in section 3402(f)(2) and (3) of the Internal Revenue Code shall apply.

(3) **Form of certificate.** Withholding exemption certificates shall be in such form and contain such information as the commissioner may by rule prescribe.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 63. **[290.993] SPECIAL LIMITED ADJUSTMENT.**

(a) For an individual income taxpayer subject to tax under section 290.06, subdivision 2c, or a partnership that elects to file a composite return under section 289A.08, subdivision 7, for taxable years beginning after December 31, 2017, and before January 1, 2019, the following special rules apply:

(1) an individual income taxpayer may: (i) take the standard deduction; or (ii) make an election under section 63(e) of the Internal Revenue Code to itemize, for Minnesota individual income tax purposes, regardless of the choice made on their federal return; and

(2) there is an adjustment to tax equal to the difference between the tax calculated under this chapter using the Internal Revenue Code as amended through December 16, 2016, and the tax calculated under this chapter using the Internal Revenue Code amended through December 31, 2018, before the application of credits. The end result must be zero additional tax due or refund.

(b) The adjustment in paragraph (a), clause (2), does not apply to any changes due to sections 11012, 13101, 13201, 13202, 13203, 13204, 13205, 13207, 13301, 13302, 13303, 13313, 13502, 13503, 13801, 14101, 14102, 14103, 14202, 14211 through 14215, and 14501 of Public Law 115-97; and section 40411 of Public Law 115-123.

**EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning after December 31, 2017, and before January 1, 2019.

Sec. 64. Minnesota Statutes 2018, section 290A.03, subdivision 3, is amended to read:

Subd. 3. **Income.** (a) "Income" means the sum of the following:

(1) federal adjusted gross income as defined in the Internal Revenue Code; and

(2) the sum of the following amounts to the extent not included in clause (1):

(i) all nontaxable income;

(ii) the amount of a passive activity loss that is not disallowed as a result of section 469, paragraph (i) or (m) of the Internal Revenue Code and the amount of passive activity loss carryover allowed under section 469(b) of the Internal Revenue Code;

(iii) an amount equal to the total of any discharge of qualified farm indebtedness of a solvent individual excluded from gross income under section 108(g) of the Internal Revenue Code;

(iv) cash public assistance and relief;

(v) any pension or annuity (including railroad retirement benefits, all payments received under the federal Social Security Act, Supplemental Security Income, and veterans benefits), which was not exclusively funded by the claimant or spouse, or which was funded exclusively by the claimant or spouse and which funding payments were excluded from federal adjusted gross income in the years when the payments were made;

(vi) interest received from the federal or a state government or any instrumentality or political subdivision thereof;

(vii) workers' compensation;

(viii) nontaxable strike benefits;

(ix) the gross amounts of payments received in the nature of disability income or sick pay as a result of accident, sickness, or other disability, whether funded through insurance or otherwise;

(x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1995;

(xi) contributions made by the claimant to an individual retirement account, including a qualified voluntary employee contribution; simplified employee pension plan; self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal Revenue Code, to the extent the sum of amounts exceeds the retirement base amount for the claimant and spouse;

(xii) to the extent not included in federal adjusted gross income, distributions received by the claimant or spouse from a traditional or Roth style retirement account or plan;

(xiii) nontaxable scholarship or fellowship grants;

(xiv) ~~the amount of deduction allowed under section 199 of the Internal Revenue Code~~ alimony received to the extent not included in the recipient's income;

(xv) the amount of deduction allowed under section 220 or 223 of the Internal Revenue Code;

(xvi) the amount deducted for tuition expenses under section 222 of the Internal Revenue Code; and

(xvii) the amount deducted for certain expenses of elementary and secondary school teachers under section 62(a)(2)(D) of the Internal Revenue Code.

In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" shall mean federal adjusted gross income reflected in the fiscal year ending in the calendar year. Federal adjusted gross income shall not be reduced by the amount of a net operating loss carryback or carryforward or a capital loss carryback or carryforward allowed for the year.

(b) "Income" does not include:

(1) amounts excluded pursuant to the Internal Revenue Code, sections 101(a) and 102;

(2) amounts of any pension or annuity which was exclusively funded by the claimant or spouse and which funding payments were not excluded from federal adjusted gross income in the years when the payments were made;

(3) to the extent included in federal adjusted gross income, amounts contributed by the claimant or spouse to a traditional or Roth style retirement account or plan, but not to exceed the retirement base amount reduced by the amount of contributions excluded from federal adjusted gross income, but not less than zero;

(4) surplus food or other relief in kind supplied by a governmental agency;

(5) relief granted under this chapter;

(6) child support payments received under a temporary or final decree of dissolution or legal separation; ~~or~~

(7) restitution payments received by eligible individuals and excludable interest as defined in section 803 of the Economic Growth and Tax Relief Reconciliation Act of 2001, Public Law 107-16; or

(8) alimony paid.

(c) The sum of the following amounts may be subtracted from income:

(1) for the claimant's first dependent, the exemption amount multiplied by 1.4;

(2) for the claimant's second dependent, the exemption amount multiplied by 1.3;

(3) for the claimant's third dependent, the exemption amount multiplied by 1.2;

(4) for the claimant's fourth dependent, the exemption amount multiplied by 1.1;

(5) for the claimant's fifth dependent, the exemption amount; and

(6) if the claimant or claimant's spouse was disabled or attained the age of 65 on or before December 31 of the year for which the taxes were levied or rent paid, the exemption amount.

(d) For purposes of this subdivision, the following terms have the meanings given:

(1) "exemption amount" means the exemption amount under section ~~451(d) of the Internal Revenue Code~~ 290.0121, subdivision 1, paragraph (b), for the taxable year for which the income is reported;

(2) "retirement base amount" means the deductible amount for the taxable year for the claimant and spouse under section 219(b)(5)(A) of the Internal Revenue Code, adjusted for inflation as provided in section 219(b)(5)(C) of the Internal Revenue Code, without regard to whether the claimant or spouse claimed a deduction; and

(3) "traditional or Roth style retirement account or plan" means retirement plans under sections 401, 403, 408, 408A, and 457 of the Internal Revenue Code.

**EFFECTIVE DATE.** This section is effective beginning with refunds based on property taxes payable in 2020 and rent paid in 2019.

Sec. 65. Minnesota Statutes 2018, section 290A.03, subdivision 12, is amended to read:

Subd. 12. **Gross rent.** (a) "Gross rent" means rental paid for the right of occupancy, at arm's length, of a homestead, exclusive of charges for any medical services furnished by the landlord as a part of the rental agreement, whether expressly set out in the rental agreement or not.

(b) The gross rent of a resident of a nursing home or intermediate care facility is \$350 per month. The gross rent of a resident of an adult foster care home is \$550 per month. ~~Beginning for rent paid in 2002,~~ The commissioner shall annually adjust ~~for inflation the gross rent amounts stated in this paragraph. The adjustment must be made in accordance with section 1(f) of the Internal Revenue Code, except that for purposes of this paragraph the percentage increase shall be determined from the year ending on June 30, 2001, to the year ending on June 30 of the year in which the rent is paid. The commissioner shall round the gross rents to the nearest \$10 amount. If the amount ends in \$5, the commissioner shall round it up to the next \$10 amount. The determination of the commissioner under this paragraph is not a rule under the Administrative Procedure Act as provided in section 270C.22. The statutory year is 2020.~~

(c) If the landlord and tenant have not dealt with each other at arm's length and the commissioner determines that the gross rent charged was excessive, the commissioner may adjust the gross rent to a reasonable amount for purposes of this chapter.

(d) Any amount paid by a claimant residing in property assessed pursuant to section 273.124, subdivision 3, 4, 5, or 6 for occupancy in that property shall be excluded from gross rent for purposes of this chapter. However, property taxes imputed to the homestead of the claimant or the dwelling unit occupied by the claimant that qualifies for homestead treatment pursuant to section 273.124, subdivision 3, 4, 5, or 6 shall be included within the term "property taxes payable" as defined in subdivision 13, notwithstanding the fact that ownership is not in the name of the claimant.

**EFFECTIVE DATE.** This section is effective for adjustments beginning with refunds based on rent paid in 2019.

Sec. 66. Minnesota Statutes 2018, section 290A.03, subdivision 15, is amended to read:

Subd. 15. **Internal Revenue Code.** "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December 16, 2016~~ December 31, 2018.

**EFFECTIVE DATE.** This section is effective beginning with refunds based on property taxes payable in 2020 and rent paid in 2019.

Sec. 67. Minnesota Statutes 2018, section 290A.04, subdivision 4, is amended to read:

Subd. 4. **Inflation adjustment.** ~~(a) Beginning for property tax refunds payable in calendar year 2002, The commissioner shall annually adjust the dollar amounts of the income thresholds and the maximum refunds under subdivisions 2 and 2a for inflation. The commissioner shall make the inflation adjustments in accordance with section 1(f) of the Internal Revenue Code, except that for purposes of this subdivision the percentage increase shall be determined as provided in this subdivision as provided in section 270C.22. The statutory year is 2020.~~

~~(b) In adjusting the dollar amounts of the income thresholds and the maximum refunds under subdivision 2 for inflation, the percentage increase shall be determined from the year ending on June 30, 2013, to the year ending on June 30 of the year preceding that in which the refund is payable.~~

~~(c) In adjusting the dollar amounts of the income thresholds and the maximum refunds under subdivision 2a for inflation, the percentage increase shall be determined from the year ending on June 30, 2013, to the year ending on June 30 of the year preceding that in which the refund is payable.~~

~~(d) The commissioner shall use the appropriate percentage increase to annually adjust the income thresholds and maximum refunds under subdivisions 2 and 2a for inflation without regard to whether or not the income tax brackets are adjusted for inflation in that year. The commissioner shall round the thresholds and the maximum amounts, as adjusted to the nearest \$10 amount. If the amount ends in \$5, the commissioner shall round it up to the next \$10 amount.~~

~~(e) The commissioner shall annually announce the adjusted refund schedule at the same time provided under section 290.06. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act.~~

**EFFECTIVE DATE.** This section is effective for adjustments for refunds based on rent paid in 2020 and property taxes payable in 2021.

Sec. 68. Minnesota Statutes 2018, section 291.005, subdivision 1, is amended to read:

Subdivision 1. **Scope.** Unless the context otherwise clearly requires, the following terms used in this chapter shall have the following meanings:

(1) "Commissioner" means the commissioner of revenue or any person to whom the commissioner has delegated functions under this chapter.

(2) "Federal gross estate" means the gross estate of a decedent as required to be valued and otherwise determined for federal estate tax purposes under the Internal Revenue Code, increased by the value of any property in which the decedent had a qualifying income interest for life and for which an election was made under section 291.03, subdivision 1d, for Minnesota estate tax purposes, but was not made for federal estate tax purposes.

(3) "Internal Revenue Code" means the United States Internal Revenue Code of 1986, as amended through ~~December 16, 2016~~ December 31, 2018.

(4) "Minnesota gross estate" means the federal gross estate of a decedent after (a) excluding therefrom any property included in the estate which has its situs outside Minnesota, and (b) including any property omitted from the federal gross estate which is includable in the estate, has its situs in Minnesota, and was not disclosed to federal taxing authorities.

(5) "Nonresident decedent" means an individual whose domicile at the time of death was not in Minnesota.

(6) "Personal representative" means the executor, administrator or other person appointed by the court to administer and dispose of the property of the decedent. If there is no executor, administrator or other person appointed, qualified, and acting within this state, then any person in actual or constructive possession of any property having a situs in this state which is included in the federal gross estate of the decedent shall be deemed to be a personal representative to the extent of the property and the Minnesota estate tax due with respect to the property.

(7) "Resident decedent" means an individual whose domicile at the time of death was in Minnesota. The provisions of section 290.01, subdivision 7, paragraphs (c) and (d), apply to determinations of domicile under this chapter.

(8) "Situs of property" means, with respect to:

(i) real property, the state or country in which it is located;

(ii) tangible personal property, the state or country in which it was normally kept or located at the time of the decedent's death or for a gift of tangible personal property within three years of death, the state or country in which it was normally kept or located when the gift was executed;

(iii) a qualified work of art, as defined in section 2503(g)(2) of the Internal Revenue Code, owned by a nonresident decedent and that is normally kept or located in this state because it is on loan to an organization, qualifying as exempt from taxation under section 501(c)(3) of the Internal Revenue Code, that is located in Minnesota, the situs of the art is deemed to be outside of Minnesota, notwithstanding the provisions of item (ii); and

(iv) intangible personal property, the state or country in which the decedent was domiciled at death or for a gift of intangible personal property within three years of death, the state or country in which the decedent was domiciled when the gift was executed.

For a nonresident decedent with an ownership interest in a pass-through entity with assets that include real or tangible personal property, situs of the real or tangible personal property, including qualified works of art, is determined as if the pass-through entity does not exist and the real or tangible personal property is personally owned by the decedent. If the pass-through entity is owned by a person or persons in addition to the decedent, ownership of the property is attributed to the decedent in proportion to the decedent's capital ownership share of the pass-through entity.

(9) "Pass-through entity" includes the following:

(i) an entity electing S corporation status under section 1362 of the Internal Revenue Code;

(ii) an entity taxed as a partnership under subchapter K of the Internal Revenue Code;

(iii) a single-member limited liability company or similar entity, regardless of whether it is taxed as an association or is disregarded for federal income tax purposes under Code of Federal Regulations, title 26, section 301.7701-3; or

(iv) a trust to the extent the property is ~~includible~~ includable in the decedent's federal gross estate; but excludes

(v) an entity whose ownership interest securities are traded on an exchange regulated by the Securities and Exchange Commission as a national securities exchange under section 6 of the Securities Exchange Act, United States Code, title 15, section 78f.

**EFFECTIVE DATE.** This section is effective the day following final enactment except the changes incorporated by federal changes are effective retroactively at the same time the changes became effective for federal purposes.

Sec. 69. Minnesota Statutes 2018, section 297A.68, subdivision 25, is amended to read:

Subd. 25. **Sale of property used in a trade or business.** (a) The sale of tangible personal property primarily used in a trade or business is exempt if the sale is not made in the normal course of business of selling that kind of property and if one of the following conditions is satisfied:

(1) the sale occurs in a transaction subject to or described in section 118, 331, 332, 336, 337, 338, 351, 355, 368, 721, 731, 1031, or 1033 of the Internal Revenue Code, as amended through December 16, 2016;

(2) the sale is between members of a controlled group as defined in section 1563(a) of the Internal Revenue Code;

(3) the sale is a sale of farm machinery;

(4) the sale is a farm auction sale;

(5) the sale is a sale of substantially all of the assets of a trade or business; or

(6) the total amount of gross receipts from the sale of trade or business property made during the calendar month of the sale and the preceding 11 calendar months does not exceed \$1,000.

The use, storage, distribution, or consumption of tangible personal property acquired as a result of a sale exempt under this subdivision is also exempt.

(b) For purposes of this subdivision, the following terms have the meanings given.

(1) A "farm auction" is a public auction conducted by a licensed auctioneer if substantially all of the property sold consists of property used in the trade or business of farming and property not used primarily in a trade or business.

(2) "Trade or business" includes the assets of a separate division, branch, or identifiable segment of a trade or business if, before the sale, the income and expenses attributable to the separate division, branch, or identifiable segment could be separately ascertained from the books of account or record (the lease or rental of an identifiable segment does not qualify for the exemption).

(3) A "sale of substantially all of the assets of a trade or business" must occur as a single transaction or a series of related transactions within the 12-month period beginning on the date of the first sale of assets intended to qualify for the exemption provided in paragraph (a), clause (5).

**EFFECTIVE DATE.** This section is effective retroactively for sales and purchases made after December 31, 2017.

Sec. 70. Minnesota Statutes 2018, section 297B.03, is amended to read:

**297B.03 EXEMPTIONS.**

There is specifically exempted from the provisions of this chapter and from computation of the amount of tax imposed by it the following:

(1) purchase or use, including use under a lease purchase agreement or installment sales contract made pursuant to section 465.71, of any motor vehicle by the United States and its agencies and instrumentalities and by any person described in and subject to the conditions provided in section 297A.67, subdivision 11;

(2) purchase or use of any motor vehicle by any person who was a resident of another state or country at the time of the purchase and who subsequently becomes a resident of Minnesota, provided the purchase occurred more than 60 days prior to the date such person began residing in the state of Minnesota and the motor vehicle was registered in the person's name in the other state or country;

(3) purchase or use of any motor vehicle by any person making a valid election to be taxed under the provisions of section 297A.90;

(4) purchase or use of any motor vehicle previously registered in the state of Minnesota when such transfer constitutes a transfer within the meaning of section 118, 331, 332, 336, 337, 338, 351, 355, 368, 721, 731, 1031, 1033, or 1563(a) of the Internal Revenue Code, as amended through December 16, 2016;

(5) purchase or use of any vehicle owned by a resident of another state and leased to a Minnesota-based private or for-hire carrier for regular use in the transportation of persons or property in interstate commerce provided the vehicle is titled in the state of the owner or secured party, and that state does not impose a sales tax or sales tax on motor vehicles used in interstate commerce;

(6) purchase or use of a motor vehicle by a private nonprofit or public educational institution for use as an instructional aid in automotive training programs operated by the institution. "Automotive training programs" includes motor vehicle body and mechanical repair courses but does not include driver education programs;

(7) purchase of a motor vehicle by an ambulance service licensed under section 144E.10 when that vehicle is equipped and specifically intended for emergency response or for providing ambulance service;

(8) purchase of a motor vehicle by or for a public library, as defined in section 134.001, subdivision 2, as a bookmobile or library delivery vehicle;

(9) purchase of a ready-mixed concrete truck;

(10) purchase or use of a motor vehicle by a town for use exclusively for road maintenance, including snowplows and dump trucks, but not including automobiles, vans, or pickup trucks;

(11) purchase or use of a motor vehicle by a corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes, except a public school, university, or library, but only if the vehicle is:

(i) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a passenger automobile, as defined in section 168.002, if the automobile is designed and used for carrying more than nine persons including the driver; and

(ii) intended to be used primarily to transport tangible personal property or individuals, other than employees, to whom the organization provides service in performing its charitable, religious, or educational purpose;

(12) purchase of a motor vehicle for use by a transit provider exclusively to provide transit service is exempt if the transit provider is either (i) receiving financial assistance or reimbursement under section 174.24 or 473.384, or (ii) operating under section 174.29, 473.388, or 473.405;

(13) purchase or use of a motor vehicle by a qualified business, as defined in section 469.310, located in a job opportunity building zone, if the motor vehicle is principally garaged in the job opportunity building zone and is primarily used as part of or in direct support of the person's operations carried on in the job opportunity building zone. The exemption under this clause applies to sales, if the purchase was made and delivery received during the duration of the job opportunity building zone. The exemption under this clause also applies to any local sales and use tax;



(14) purchase of a leased vehicle by the lessee who was a participant in a lease-to-own program from a charitable organization that is:

- (i) described in section 501(c)(3) of the Internal Revenue Code; and
- (ii) licensed as a motor vehicle lessor under section 168.27, subdivision 4; and

(15) purchase of a motor vehicle used exclusively as a mobile medical unit for the provision of medical or dental services by a federally qualified health center, as defined under title 19 of the Social Security Act, as amended by Section 4161 of the Omnibus Budget Reconciliation Act of 1990.

**EFFECTIVE DATE.** This section is effective retroactively for sales and purchases made after December 31, 2017.

Sec. 71. Minnesota Statutes 2018, section 462D.06, subdivision 1, is amended to read:

Subdivision 1. **Subtraction.** (a) As provided in section 290.0132, subdivision 25, an account holder is allowed a subtraction from ~~the~~ federal ~~taxable~~ adjusted gross income equal to interest or dividends earned on the first-time home buyer savings account during the taxable year.

(b) The subtraction under paragraph (a) is allowed each year for the taxable years including and following the taxable year in which the account was established. No person other than the account holder is allowed a subtraction under this section.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 72. Minnesota Statutes 2018, section 462D.06, subdivision 2, is amended to read:

Subd. 2. **Addition.** (a) As provided in section 290.0131, subdivision 14, an account holder must add to federal ~~taxable~~ adjusted gross income the following amounts:

(1) the amount in excess of the total contributions for all taxable years that is withdrawn and used for other than eligible costs, or for a transfer permitted under section 462D.04, subdivision 2; and

(2) the amount remaining in the first-time home buyer savings account at the close of the tenth taxable year that exceeds the total contributions to the account for all taxable years.

(b) For an account that received a transfer under section 462D.04, subdivision 2, the ten-year period under paragraph (a), clause (2), ends at the close of the earliest taxable year that applies to either account under that clause.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 73. Minnesota Statutes 2018, section 469.316, subdivision 1, is amended to read:

Subdivision 1. **Application.** An individual, estate, or trust operating a trade or business in a job opportunity building zone, and an individual, estate, or trust making a qualifying investment in a qualified business operating in a job opportunity building zone qualifies for the exemptions from taxes imposed under chapter 290, as provided in this section. The exemptions provided under this section apply only to the extent that the income otherwise would be taxable under chapter 290. Subtractions under this section from federal adjusted gross income, federal taxable income, alternative minimum taxable income, or any other base subject to tax are limited to the amount that otherwise would be included in the tax base absent the exemption under this section. This section applies only to taxable years beginning during the duration of the job opportunity building zone.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 74. **GLOBAL INTANGIBLE LOW-TAXED INCOME AND DEFERRED FOREIGN INCOME REPORT.**

By January 15, 2020, the commissioner of revenue must prepare a report on the state taxation of global intangible low-taxed income and deferred foreign income. The commissioner must provide a copy of the report to the chairs and ranking minority members of the house and senate committees having jurisdiction over income and corporate franchise taxes. The report must include an analysis of the constitutional limitations that currently exist on the state taxation of each type of income, a list of the states that tax each type of income, and a description of how the income is taxed in those states. For purposes of this section, "global intangible low-taxed income" has the meaning given in section 951A of the Internal Revenue Code, "deferred foreign income" means the income of a domestic corporation that is included in net income under section 965 of the Internal Revenue Code, and "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 2018.

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

Sec. 75. **SPECIAL PROVISION FOR TAX YEAR 2017.**

Notwithstanding any law to the contrary or other provision of this article, sections 40202 and 40203 of Public Law 115-123 shall not apply for the purpose of calculating net income under section 290.01, subdivision 6, for taxable years beginning after December 31, 2016, and before January 1, 2018.

Sec. 76. **REVISOR INSTRUCTION.**

The commissioner of revenue must promptly notify the revisor of statutes in writing of the adjusted statutory year amounts for each of the statutory sections that are indexed for inflation under section 270C.22. The revisor shall publish the updated statutory amounts in the 2019 Supplement of Minnesota Statutes.

Sec. 77. **REPEALER.**

Minnesota Statutes 2018, sections 290.0131, subdivisions 7, 11, 12, and 13; 290.0132, subdivision 8; 290.0133, subdivisions 13 and 14; and 290.10, subdivision 2, are repealed.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018."

Page 127, delete article 5 and insert:

"ARTICLE 5  
PROPERTY TAXES

Section 1. Minnesota Statutes 2018, section 138.053, is amended to read:

**138.053 COUNTY HISTORICAL SOCIETY; TAX LEVY; CITIES OR TOWNS.**

The governing body of any home rule charter or statutory city or town may annually appropriate from its general fund an amount not to exceed 0.02418 percent of estimated market value, derived from ad valorem taxes on property or other revenues, to be paid to the historical society of its respective city, town, or county to be used for the promotion of historical work and to aid in defraying the expenses of carrying on the historical work in the city, town, or county. No city or town may appropriate any funds for the benefit of any historical society unless the society is affiliated with and approved by the Minnesota Historical Society.

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

Sec. 2. Minnesota Statutes 2018, section 162.145, subdivision 3, is amended to read:

Subd. 3. **Administration.** (a) Subject to funds made available by law, the commissioner shall allocate all funds as provided in subdivision 4 and shall ~~notify, by June 1, certify to~~ the commissioner of revenue the amounts to be paid.

(b) Following ~~notification~~ certification from the commissioner ~~of transportation,~~ the commissioner of revenue shall distribute the specified funds to cities in the same manner as local government aid under chapter 477A. An appropriation to the commissioner ~~of transportation~~ under this section is available to the commissioner of revenue for the purposes specified in this paragraph.

(c) Notwithstanding other law to the contrary, in order to receive distributions under this section, a city must conform to the standards in section 477A.017, subdivision 2. A city that receives funds under this section must make and preserve records necessary to show that the funds are spent in compliance with subdivision 4.

**EFFECTIVE DATE.** This section is effective for aids payable in 2019 and thereafter.

Sec. 3. Minnesota Statutes 2018, section 197.603, subdivision 2, is amended to read:

Subd. 2. **Records; data privacy.** Pursuant to chapter 13 the county veterans service officer is the responsible authority with respect to all records in the officer's custody. The data on clients' applications for assistance is private data on individuals, as defined in section 13.02, subdivision 12. The county veterans service officer may disclose to the county assessor private data necessary to determine a client's eligibility for the disabled veteran's homestead market value exclusion under section 273.13, subdivision 34.

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

Sec. 4. Minnesota Statutes 2018, section 270C.85, subdivision 2, is amended to read:

Subd. 2. **Powers and duties.** The commissioner shall have and exercise the following powers and duties in administering the property tax laws-;

(~~a~~) (1) confer with, advise, and give the necessary instructions and directions to local assessors and local boards of review throughout the state as to their duties under the laws of the state-;

(~~b~~) (2) direct proceedings, actions, and prosecutions to be instituted to enforce the laws relating to the liability and punishment of public officers and officers and agents of corporations for failure or negligence to comply with the provisions of the property tax laws, and cause complaints to be made against local assessors, members of boards of equalization, members of boards of review, or any other assessing or taxing officer, to the proper authority, for their removal from office for misconduct or negligence of duty-;

(~~e~~) (3) require county attorneys to assist in the commencement of prosecutions in actions or proceedings for removal, forfeiture, and punishment, for violation of the property tax laws in their respective districts or counties-;

(~~d~~) (4) require town, city, county, and other public officers to report and certify information, at the parcel level or in the aggregate, as to the assessment and taxation of real and personal property, and such other information as may be needful in the work of the commissioner, ~~in such form as the commissioner may prescribe.~~ The commissioner shall prescribe the content, format, manner, and time of filing of all required reports and certifications;

(e) (5) transmit to the governor, on or before the third Monday in December of each even-numbered year, and to each member of the legislature, on or before November 15 of each even-numbered year, the report of the department for the preceding years, showing all the taxable property subject to the property tax laws and the value of the same, in tabulated form;

(f) (6) inquire into the methods of assessment and taxation and ascertain whether the assessors faithfully discharge their duties; and

(g) (7) assist local assessors in determining the estimated market value of industrial special-use property. For purposes of this ~~paragraph~~ clause, "industrial special-use property" means property that:

(1) (i) is designed and equipped for a particular type of industry;

(2) (ii) is not easily adapted to some other use due to the unique nature of the facilities;

(3) (iii) has facilities totaling at least 75,000 square feet in size; and

(4) (iv) has a total estimated market value of \$10,000,000 or greater based on the assessor's preliminary determination.

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

Sec. 5. Minnesota Statutes 2018, section 270C.89, subdivision 1, is amended to read:

Subdivision 1. **Initial report.** Each county assessor shall file ~~by April 1~~ with the commissioner a copy of ~~the abstract preliminary assessment information that the commissioner may require under section 270C.85, subdivision 2, clause (4), that will be acted upon by the local and county boards of review. The abstract must list the real and personal property in the county itemized by assessment districts.~~ The assessor of each county in the state shall file with the commissioner, within ten working days following final action of the local board of review or equalization and within five days following final action of the county board of equalization, any changes made by the local or county board. ~~The information must be filed in the manner prescribed by the commissioner.~~

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

Sec. 6. Minnesota Statutes 2018, section 270C.89, subdivision 2, is amended to read:

Subd. 2. **Final report.** The final ~~abstract of assessments~~ assessment information after adjustments by the State Board of Equalization and inclusion of any omitted property shall be ~~submitted~~ reported to the commissioner ~~on or before September 1 of each calendar year under section 270C.85, subdivision 2, clause (4). The final abstract must separately report the captured tax capacity of tax increment financing districts under section 469.177, subdivision 2, the areawide net tax capacity contribution values determined under sections 276A.05, subdivision 1, and 473F.07, subdivision 1, and the value subject to the power line credit under section 273.42.~~

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

Sec. 7. Minnesota Statutes 2018, section 270C.91, is amended to read:

**270C.91 RECORD OF PROCEEDINGS CHANGING NET TAX CAPACITY; DUTIES OF COUNTY AUDITOR.**

A record of all proceedings of the commissioner affecting any change in the net tax capacity of any property, as revised by the State Board of Equalization, shall be kept by the commissioner and a copy thereof, duly certified, shall be mailed each year to the auditor of each county wherein such property is situated, on or before June 30 ~~or 30 days after submission of the abstract required by section 270C.89, whichever is later.~~ This record shall specify the amounts or amount, or both, added to or deducted from the net tax capacity of the real property of each of the several towns and cities, and of the real property not in towns or cities, also the percent or amount of both, added to or deducted from the several classes of personal property in each of the towns and cities, and also the amount added to or deducted from the assessment of any person. The county auditor shall add to or deduct from such tract or lot, or portion thereof, of any real property in the county the required percent or amount, or both, on the net tax capacity thereof as it stood after equalized by the county board, adding in each case a fractional sum of 50 cents or more, and deducting in each case any fractional sum of less than 50 cents, so that no net tax capacity of any separate tract or lot shall contain any fraction of a dollar; and add to, or deduct from, the several classes of personal property in the county the required percent or amount, or both, on the net tax capacity thereof as it stood after equalized by the county board, adding or deducting in manner aforesaid any fractional sum so that no net tax capacity of any separate class of personal property shall contain a fraction of a dollar, and add to or deduct from assessment of any person, as they stood after equalization by the county board, the required amounts to agree with the assessments as returned by the commissioner.

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

Sec. 8. Minnesota Statutes 2018, section 272.02, subdivision 49, is amended to read:

Subd. 49. **Agricultural historical society property.** Property is exempt from taxation if it is owned by a nonprofit charitable or educational organization that qualifies for exemption under section 501(c)(3) of the Internal Revenue Code and meets the following criteria:

(1) the property is primarily used for storing and exhibiting tools, equipment, and artifacts useful in providing an understanding of local or regional agricultural history. Primary use is determined each year based on the number of days the property is used solely for storage and exhibition purposes;

(2) the property is limited to a maximum of ~~20~~ 40 acres per owner per county, but includes the land and any taxable structures, fixtures, and equipment on the land;

(3) the property is not used for a revenue-producing activity for more than ten days in each calendar year; and

(4) the property is not used for residential purposes on either a temporary or permanent basis.

Notwithstanding section 272.025, applications for exemptions under this subdivision filed in assessment year 2019 must be filed with the assessor by July 1, 2019.

**EFFECTIVE DATE.** This section is effective for assessments beginning in 2019.

Sec. 9. Minnesota Statutes 2018, section 272.02, is amended by adding a subdivision to read:

**Subd. 102. Certain property owned by an Indian tribe.** (a) Property is exempt that:

(1) is located in a city of the first class with a population of more than 380,000 as of the 2010 federal census;

(2) was on January 1, 2016, and is for the current assessment, owned by a federally recognized Indian tribe, or its instrumentality, that is located within the state of Minnesota; and

(3) is used exclusively as a pharmacy.

(b) Property that qualifies for the exemption under this subdivision is limited to parcels and structures that do not exceed, in the aggregate, 4,000 square feet. Property acquired for single-family housing, market-rate apartments, agriculture, or forestry does not qualify for this exemption. The exemption created by this subdivision expires with taxes payable in 2029.

**EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2020 and thereafter.

Sec. 10. Minnesota Statutes 2018, section 272.02, is amended by adding a subdivision to read:

**Subd. 103. Charitable farmland.** Property owned by an organization exempt under subdivision 4, 6, or 58 and used in the production of agricultural products as defined in section 273.13, subdivision 23, is exempt, provided that any proceeds from the sale of the agricultural products are used to support the mission of an organization exempt under subdivision 4, 6, or 58.

**EFFECTIVE DATE.** This section is effective beginning with property taxes payable in 2020.

Sec. 11. Minnesota Statutes 2018, section 272.115, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** Except as otherwise provided in subdivision 5, 6, or 7, whenever any real estate is sold for a consideration in excess of ~~\$1,000~~ \$3,000, whether by warranty deed, quitclaim deed, contract for deed or any other method of sale, the grantor, grantee or the legal agent of either shall file a certificate of value with the county auditor in the county in which the property is located when the deed or other document is presented for recording. Contract for deeds are subject to recording under section 507.235, subdivision 1. Value shall, in the case of any deed not a gift, be the amount of the full actual consideration thereof, paid or to be paid, including the amount of any lien or liens assumed. The items and value of personal property transferred with the real property must be listed and deducted from the sale price. The certificate of value shall include the classification to which the property belongs for the purpose of determining the fair market value of the property, and shall include any proposed change in use of the property known to the person filing the certificate that could change the classification of the property. The certificate shall include financing terms and conditions of the sale which are necessary to determine the actual, present value of the sale price for purposes of the sales ratio study. If the property is being acquired as part of a like-kind exchange under section 1031 of the Internal Revenue Code of 1986, as amended through December 31, 2006, that must be indicated on the certificate. The commissioner of revenue shall promulgate administrative rules specifying the financing terms and conditions which must be included on the certificate. The certificate of value must include the Social Security number or the federal employer identification number of the grantors and grantees. However, a married person who is not an owner of record and who is signing a conveyance instrument along with the person's spouse solely to release and convey their marital interest, if any, in the real property being conveyed is not a grantor for the purpose of the preceding sentence. A statement in the deed that is substantially in the following form is sufficient to allow the county auditor to accept a certificate for filing without the Social Security number of the named spouse: "(Name) claims no ownership interest in the real property being conveyed and is executing this instrument solely to release and convey a marital interest, if any, in that real property." The identification numbers

of the grantors and grantees are private data on individuals or nonpublic data as defined in section 13.02, subdivisions 9 and 12, but, notwithstanding that section, the private or nonpublic data may be disclosed to the commissioner of revenue for purposes of tax administration. The information required to be shown on the certificate of value is limited to the information required as of the date of the acknowledgment on the deed or other document to be recorded.

**EFFECTIVE DATE.** This section is effective for certificates of value filed after December 31, 2019.

Sec. 12. Minnesota Statutes 2018, section 273.061, subdivision 9, is amended to read:

Subd. 9. **Additional general duties.** Additional duties of the county assessor ~~shall be~~ are as follows:

(1) to make all assessments, based upon the appraised values reported by the local assessors or assistants and the county assessor's own knowledge of the value of the property assessed;

(2) to personally view and determine the value of any property ~~which that~~ because of its type or character may be difficult for the local assessor to appraise;

(3) to make all changes ordered by the local boards of review, relative to the net tax capacity of the property of any individual, firm or corporation after notice has been given and hearings held as provided by law;

(4) to enter all assessments in the assessment books, furnished by the county auditor, with each book and the tabular statements for each book in correct balance;

(5) to prepare all assessment cards, charts, maps and any other forms prescribed by the commissioner of revenue;

(6) to attend the meeting of the county board of equalization; to investigate and report on any assessment ordered by said board; to enter all changes made by said board in the assessment books and prepare ~~the abstract of assessments for the commissioner of revenue~~ information reported to the commissioner under section 270C.85, subdivision 2, clause (4); to enter all changes made by the State Board of Equalization in the assessment books; to deduct all exemptions authorized by law from each assessment and certify to the county auditor the taxable value of each parcel of land, as described and listed in the assessment books by the county auditor, and the taxable value of the personal property of each person, firm, or corporation assessed;

(7) to investigate and make recommendations relative to all applications for the abatement of taxes or applications for the reduction of the net tax capacity of any property; and

(8) to perform all other duties relating to the assessment of property for the purpose of taxation which may be required by the commissioner of revenue.

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

Sec. 13. Minnesota Statutes 2018, section 273.0755, is amended to read:

**273.0755 TRAINING AND EDUCATION OF PROPERTY TAX PERSONNEL.**

(a) Beginning with the four-year period starting on July 1, 2000, every person licensed by the state Board of Assessors at the Accredited Minnesota Assessor level or higher, shall successfully complete a weeklong Minnesota laws course sponsored by the Department of Revenue at least once in every four-year period. An assessor need not attend the course if they successfully pass the test for the course.

(b) The commissioner of revenue may require that each county, and each city for which the city assessor performs the duties of county assessor, have ~~(i) (1)~~ a person on the assessor's staff who is certified by the Department of Revenue in sales ratio calculations, ~~(ii) (2)~~ an officer or employee who is certified by the Department of Revenue in tax calculations, and ~~(iii) (3)~~ an officer or employee who is certified by the Department of Revenue in the proper preparation of abstracts of assessment. ~~The commissioner of revenue may require that each county have an officer or employee who is certified by the Department of Revenue in the proper preparation of abstracts of tax lists information reported to the commissioner under section 270C.85, subdivision 2, clause (4).~~ Certifications under this paragraph expire after four years.

(c) Beginning with the four-year educational licensing period starting on July 1, 2004, every Minnesota assessor licensed by the State Board of Assessors must attend and participate in a seminar that focuses on ethics, professional conduct and the need for standardized assessment practices developed and presented by the commissioner of revenue. This requirement must be met at least once in every subsequent four-year period. This requirement applies to all assessors licensed for one year or more in the four-year period.

(d) When the commissioner of revenue determines that an individual or board that performs functions related to property tax administration has performed those functions in a manner that is not uniform or equitable, the commissioner may require that the individual or members of the board complete supplemental training. The commissioner may not require that an individual complete more than 32 hours of supplemental training pursuant to this paragraph. If the individual is required to complete supplemental training due to that individual's membership on a local or county board of appeal and equalization, the commissioner may not require that the individual complete more than two hours of supplemental training.

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

Sec. 14. Minnesota Statutes 2018, section 273.113, subdivision 3, is amended to read:

Subd. 3. **Reimbursement for lost revenue.** The county auditor shall certify to the commissioner of revenue, ~~as part of the abstracts of tax lists required to be filed with the commissioner~~ under section ~~275.29~~ 270C.85, subdivision 2, clause (4), the amount of tax lost to the county from the property tax credit under subdivision 2. Any prior year adjustments must also be certified ~~in the abstracts of tax lists~~. The commissioner of revenue shall review the certifications to determine their accuracy. The commissioner may make the changes in the certification that are considered necessary or return a certification to the county auditor for corrections. The commissioner shall reimburse each taxing district, other than school districts, for the taxes lost. The payments must be made at the time provided in section 473H.10 for payment to taxing jurisdictions in the same proportion that the ad valorem tax is distributed. Reimbursements to school districts must be made as provided in section 273.1392. The amount necessary to make the reimbursements under this section is annually appropriated from the general fund to the commissioner of revenue.

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

Sec. 15. Minnesota Statutes 2018, section 273.119, subdivision 2, is amended to read:

Subd. 2. **Reimbursement for lost revenue.** The county may transfer money from the county conservation account created in section 40A.152 to the county revenue fund to reimburse the fund for the cost of the property tax credit. The county auditor shall certify to the commissioner of revenue, ~~as part of the abstracts of tax lists required to be filed with the commissioner~~ under section ~~275.29~~ 270C.85, subdivision 2, clause (4), the amount of tax lost to the county from the property tax credit under subdivision 1 and the extent that the tax lost exceeds funds available in the county conservation account. Any prior year adjustments must also be certified ~~in the abstracts of tax lists~~. The commissioner of revenue shall review the certifications to determine their accuracy. The commissioner may make the changes in the certification that are considered necessary or return a certification to the county auditor for



corrections. The commissioner shall reimburse each taxing district, other than school districts, from the Minnesota conservation fund under section 40A.151 for the taxes lost in excess of the county account. The payments must be made at the time provided in section 473H.10, subdivision 3, for payment to taxing jurisdictions in the same proportion that the ad valorem tax is distributed.

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

Sec. 16. Minnesota Statutes 2018, section 273.1231, subdivision 3, is amended to read:

Subd. 3. **Disaster or emergency area.** (a) "Disaster or emergency area" means a geographic area for which:

(1)(i) the president of the United States, the secretary of agriculture, or the administrator of the Small Business Administration has determined that a disaster exists pursuant to federal law, or

(ii) a local emergency has been declared pursuant to section 12.29; and

(2) an application by the local unit of government requesting property tax relief under this section has been received by the governor and approved by the executive council.

(b) The executive council must not approve an application unless:

(1) a completed disaster survey is included; and

(2) within the boundaries of the applicant, (i) the average damage for the buildings that are damaged is at least \$5,000, and (ii) either at least 25 taxable buildings were damaged, or the total dollar amount of damage to all taxable buildings equals or exceeds one percent of the total taxable market value of buildings for the applicant as reported to the commissioner of revenue under section ~~270C.89, subdivision 2~~ 270C.85, subdivision 2, clause (4), for the assessment in the year prior to the year of the damage.

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

Sec. 17. Minnesota Statutes 2018, section 273.124, subdivision 3a, is amended to read:

Subd. 3a. **Manufactured home park cooperative.** (a) When a manufactured home park is owned by a corporation or association organized under chapter 308A or 308B, and each person who owns a share or shares in the corporation or association is entitled to occupy a lot within the park, the corporation or association may claim homestead treatment for the park. Each lot must be designated by legal description or number, and each lot is limited to not more than one-half acre of land.

(b) The manufactured home park shall be entitled to homestead treatment if all of the following criteria are met:

(1) the occupant or the cooperative corporation or association is paying the ad valorem property taxes and any special assessments levied against the land and structure either directly, or indirectly through dues to the corporation or association; and

(2) the corporation or association organized under chapter 308A or 308B is wholly owned by persons having a right to occupy a lot owned by the corporation or association.

(c) A charitable corporation, organized under the laws of Minnesota with no outstanding stock, and granted a ruling by the Internal Revenue Service for 501(c)(3) tax-exempt status, qualifies for homestead treatment with respect to a manufactured home park if its members hold residential participation warrants entitling them to occupy a lot in the manufactured home park.

(d) "Homestead treatment" under this subdivision means the classification rate provided for class 4c property classified under section 273.13, subdivision 25, paragraph (d), clause (5), item (ii), and the homestead market value exclusion under section 273.13, subdivision 35, does not apply ~~and the property taxes assessed against the park shall not be included in the determination of taxes payable for rent paid under section 290A.03.~~

**EFFECTIVE DATE.** This section is effective beginning with claims for taxes payable in 2020.

Sec. 18. Minnesota Statutes 2018, section 273.124, subdivision 14, is amended to read:

Subd. 14. **Agricultural homesteads; special provisions.** (a) Real estate of less than ten acres that is the homestead of its owner must be classified as class 2a under section 273.13, subdivision 23, paragraph (a), if:

(1) the parcel on which the house is located is contiguous on at least two sides to (i) agricultural land, (ii) land owned or administered by the United States Fish and Wildlife Service, or (iii) land administered by the Department of Natural Resources on which in lieu taxes are paid under sections 477A.11 to 477A.14;

(2) its owner also owns a noncontiguous parcel of agricultural land that is at least 20 acres;

(3) the noncontiguous land is located not farther than four townships or cities, or a combination of townships or cities from the homestead; and

(4) the agricultural use value of the noncontiguous land and farm buildings is equal to at least 50 percent of the market value of the house, garage, and one acre of land.

Homesteads initially classified as class 2a under the provisions of this paragraph shall remain classified as class 2a, irrespective of subsequent changes in the use of adjoining properties, as long as the homestead remains under the same ownership, the owner owns a noncontiguous parcel of agricultural land that is at least 20 acres, and the agricultural use value qualifies under clause (4). Homestead classification under this paragraph is limited to property that qualified under this paragraph for the 1998 assessment.

(b)(i) Agricultural property shall be classified as the owner's homestead, to the same extent as other agricultural homestead property, if all of the following criteria are met:

(1) the agricultural property consists of at least 40 acres including undivided government lots and correctional 40's;

(2) the owner, the owner's spouse, or a grandchild, child, sibling, or parent of the owner or of the owner's spouse, is actively farming the agricultural property, either on the person's own behalf as an individual or on behalf of a partnership operating a family farm, family farm corporation, joint family farm venture, or limited liability company of which the person is a partner, shareholder, or member;

(3) both the owner of the agricultural property and the person who is actively farming the agricultural property under clause (2), are Minnesota residents;

(4) neither the owner nor the spouse of the owner claims another agricultural homestead in Minnesota; and

(5) neither the owner nor the person actively farming the agricultural property lives farther than four townships or cities, or a combination of four townships or cities, from the agricultural property, except that if the owner or the owner's spouse is required to live in employer-provided housing, the owner or owner's spouse, whichever is actively farming the agricultural property, may live more than four townships or cities, or combination of four townships or cities from the agricultural property.

The relationship under this paragraph may be either by blood or marriage.

~~(ii) Agricultural property held by a trustee under a trust is eligible for agricultural homestead classification under this paragraph if the qualifications in clause (i) are met, except that "owner" means the grantor of the trust.~~

~~(iii)~~ Property containing the residence of an owner who owns qualified property under clause (i) shall be classified as part of the owner's agricultural homestead, if that property is also used for noncommercial storage or drying of agricultural crops.

~~(iv)~~ (iii) As used in this paragraph, "agricultural property" means class 2a property and any class 2b property that is contiguous to and under the same ownership as the class 2a property.

(c) Noncontiguous land shall be included as part of a homestead under section 273.13, subdivision 23, paragraph (a), only if the homestead is classified as class 2a and the detached land is located in the same township or city, or not farther than four townships or cities or combination thereof from the homestead. Any taxpayer of these noncontiguous lands must notify the county assessor that the noncontiguous land is part of the taxpayer's homestead, and, if the homestead is located in another county, the taxpayer must also notify the assessor of the other county.

(d) Agricultural land used for purposes of a homestead and actively farmed by a person holding a vested remainder interest in it must be classified as a homestead under section 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other dwellings on the land used for purposes of a homestead by persons holding vested remainder interests who are actively engaged in farming the property, and up to one acre of the land surrounding each homestead and reasonably necessary for the use of the dwelling as a home, must also be assessed class 2a.

(e) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain classified as agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of the April 1997 floods;

(2) the property is located in the county of Polk, Clay, Kittson, Marshall, Norman, or Wilkin;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 1997 assessment year and continue to be used for agricultural purposes;

(4) the dwelling occupied by the owner is located in Minnesota and is within 30 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to the 1997 floods, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in dwelling. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

(f) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of damage caused by a March 29, 1998, tornado;

(2) the property is located in the county of Blue Earth, Brown, Cottonwood, LeSueur, Nicollet, Nobles, or Rice;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 1998 assessment year;

(4) the dwelling occupied by the owner is located in this state and is within 50 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to a March 29, 1998, tornado, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the owner must notify the assessor by December 1, 1998. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

(g) Agricultural property of a family farm corporation, joint family farm venture, family farm limited liability company, or partnership operating a family farm as described under subdivision 8 shall be classified homestead, to the same extent as other agricultural homestead property, if all of the following criteria are met:

(1) the property consists of at least 40 acres including undivided government lots and correctional 40's;

(2) a shareholder, member, or partner of that entity is actively farming the agricultural property;

(3) that shareholder, member, or partner who is actively farming the agricultural property is a Minnesota resident;

(4) neither that shareholder, member, or partner, nor the spouse of that shareholder, member, or partner claims another agricultural homestead in Minnesota; and

(5) that shareholder, member, or partner does not live farther than four townships or cities, or a combination of four townships or cities, from the agricultural property.

Homestead treatment applies under this paragraph for property leased to a family farm corporation, joint farm venture, limited liability company, or partnership operating a family farm if legal title to the property is in the name of an individual who is a member, shareholder, or partner in the entity.

(h) To be eligible for the special agricultural homestead under this subdivision, an initial full application must be submitted to the county assessor where the property is located. Owners and the persons who are actively farming the property shall be required to complete only a one-page abbreviated version of the application in each subsequent year provided that none of the following items have changed since the initial application:

(1) the day-to-day operation, administration, and financial risks remain the same;

(2) the owners and the persons actively farming the property continue to live within the four townships or city criteria and are Minnesota residents;

- (3) the same operator of the agricultural property is listed with the Farm Service Agency;
- (4) a Schedule F or equivalent income tax form was filed for the most recent year;
- (5) the property's acreage is unchanged; and
- (6) none of the property's acres have been enrolled in a federal or state farm program since the initial application.

The owners and any persons who are actively farming the property must include the appropriate Social Security numbers, and sign and date the application. If any of the specified information has changed since the full application was filed, the owner must notify the assessor, and must complete a new application to determine if the property continues to qualify for the special agricultural homestead. The commissioner of revenue shall prepare a standard reapplication form for use by the assessors.

(i) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 2007 assessment shall remain classified agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of damage caused by the August 2007 floods;

(2) the property is located in the county of Dodge, Fillmore, Houston, Olmsted, Steele, Wabasha, or Winona;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 2007 assessment year;

(4) the dwelling occupied by the owner is located in this state and is within 50 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to the August 2007 floods, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in homestead dwelling. For taxes payable in 2009, the owner must notify the assessor by December 1, 2008. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

(j) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 2008 assessment shall remain classified as agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of the March 2009 floods;

(2) the property is located in the county of Marshall;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 2008 assessment year and continue to be used for agricultural purposes;

(4) the dwelling occupied by the owner is located in Minnesota and is within 50 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to the 2009 floods, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in dwelling. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

**EFFECTIVE DATE.** This section is effective beginning for property taxes payable in 2020.

Sec. 19. Minnesota Statutes 2018, section 273.124, subdivision 21, is amended to read:

Subd. 21. **Trust property; homestead.** Real or personal property, including agricultural property, held by a trustee under a trust is eligible for classification as homestead property if the property satisfies the requirements of paragraph (a), (b), (c), ~~or~~ (d), or (e).

(a) The grantor or surviving spouse of the grantor of the trust occupies and uses the property as a homestead.

(b) A relative or surviving relative of the grantor who meets the requirements of subdivision 1, paragraph (c), in the case of residential real estate; or subdivision 1, paragraph (d), in the case of agricultural property, occupies and uses the property as a homestead.

(c) A family farm corporation, joint farm venture, limited liability company, or partnership operating a family farm in which the grantor or the grantor's surviving spouse is a shareholder, member, or partner rents the property; and, either (1) a shareholder, member, or partner of the corporation, joint farm venture, limited liability company, or partnership occupies and uses the property as a homestead; or (2) the property is at least 40 acres, including undivided government lots and correctional 40's, and a shareholder, member, or partner of the tenant-entity is actively farming the property on behalf of the corporation, joint farm venture, limited liability company, or partnership.

(d) A person who has received homestead classification for property taxes payable in 2000 on the basis of an unqualified legal right under the terms of the trust agreement to occupy the property as that person's homestead and who continues to use the property as a homestead; or, a person who received the homestead classification for taxes payable in 2005 under paragraph (c) who does not qualify under paragraph (c) for taxes payable in 2006 or thereafter but who continues to qualify under paragraph (c) as it existed for taxes payable in 2005.

(e) The qualifications under subdivision 14, paragraph (b), clause (i), are met. For purposes of this paragraph, "owner" means the grantor of the trust or the surviving spouse of the grantor.

(f) For purposes of this subdivision, the following terms have the meanings given them:

(1) "agricultural property" means the house, garage, other farm buildings and structures, and agricultural land;

(2) "agricultural land" has the meaning given in section 273.13, subdivision 23, except that the phrases "owned by same person" or "under the same ownership" as used in that subdivision mean and include contiguous tax parcels owned by:

(i) an individual and a trust of which the individual, the individual's spouse, or the individual's deceased spouse is the grantor; or

(ii) different trusts of which the grantors of each trust are any combination of an individual, the individual's spouse, or the individual's deceased spouse; and

~~For purposes of this subdivision, (3) "grantor" is defined as means~~ the person creating or establishing a testamentary, inter Vivos, revocable or irrevocable trust by written instrument or through the exercise of a power of appointment.

(g) Noncontiguous agricultural land is included as part of a homestead under this subdivision, only if the homestead is classified as class 2a, as defined in section 273.13, subdivision 23, and the detached land is located in the same township or city, or not farther than four townships or cities or combination thereof from the homestead. Any taxpayer of these noncontiguous lands must notify the county assessor that the noncontiguous land is part of the taxpayer's homestead, and, if the homestead is located in another county, the taxpayer must also notify the assessor of the other county.

**EFFECTIVE DATE.** This section is effective beginning for property taxes payable in 2020.

Sec. 20. Minnesota Statutes 2018, section 273.124, is amended by adding a subdivision to read:

Subd. 23. **Fractional homesteads.** In the case of property that is classified as part homestead and part nonhomestead solely because not all the owners occupy or farm the property, not all the owners have qualifying relatives occupying or farming the property, or not all the spouses of owners occupy the property, the portions of property classified as part homestead and part nonhomestead must correspond to the ownership percentages that each owner has in the property, as determined by the land records in the county recorder's office or registrar of titles. If the ownership percentages of each owner cannot be determined by reference to the land records, the portions of property classified as part homestead and part nonhomestead must correspond to the ownership percentages each owner would have if they each owned an equal share of the property.

**EFFECTIVE DATE.** This section is effective for assessments beginning in 2019.

Sec. 21. Minnesota Statutes 2018, section 273.1245, subdivision 2, is amended to read:

Subd. 2. **Disclosure.** The assessor shall disclose the data described in subdivision 1 to the commissioner of revenue as provided by law. The assessor shall also disclose all or portions of the data described in subdivision 1 to:

(1) the county treasurer solely for the purpose of proceeding under the Revenue Recapture Act to recover personal property taxes owing-; and

(2) the county veterans service officer for the purpose of determining a person's eligibility for the disabled veteran's homestead market value exclusion under section 273.13, subdivision 34.

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

Sec. 22. **[273.129] ELDERLY LIVING FACILITY DEFERRAL.**

Subdivision 1. **Requirements.** An elderly living facility is eligible for tax deferral under this section if it meets all of the following requirements:

(1) the facility is located in a city of the first class with a population of fewer than 110,000;

(2) the facility is owned and operated by a nonprofit organization organized under section 501(c)(3) of the Internal Revenue Code;

(3) construction of the facility was completed between January 1, 1963, and January 1, 1964;

(4) the facility has a housing with services license under chapter 144D and a comprehensive home care license under chapter 144A;

(5) residents of the facility must be (i) at least 62 years of age, or (ii) disabled; and

(6) at least 30 percent of the units in the facility are occupied by persons whose annual income does not exceed 50 percent of the median family income for the area.

Subd. 2. **Deferral of taxes.** Property meeting the requirements of subdivision 1 must, upon timely application by the owner in the manner provided in subdivision 3, be treated as exempt property as defined in section 272.02. However, the assessor must make a separate determination of market value of such property and the tax based upon the appropriate tax rate applicable to such property in the taxing district must be recorded on the property assessment records.

Subd. 3. **Application.** Application for the deferment of taxes under this section must be filed by December 1 of the year prior to the year in which the taxes are payable. Any application filed under this subdivision and granted shall continue in effect for subsequent years until the property no longer qualifies. The application must be filed with the assessor in the taxing district in which the property is located on the form prescribed by the commissioner of revenue. Property meeting the application requirements under this subdivision is not subject to the application requirements under section 272.025.

Subd. 4. **Payment of taxes.** Property receiving the tax deferment under this section continues to qualify until it is sold, transferred, or no longer qualifies under subdivision 1. The portion of the property that is sold, transferred, or no longer qualifying under subdivision 1 is subject to taxes in the amount equal to the tax that would have been due on the property had it not been treated as exempt property under subdivision 2. These taxes must be extended against the property for taxes payable in the current year, plus the four prior years, to the extent that the property has qualified for a tax deferment under this section. No interest or penalties shall be levied on the taxes due under this subdivision if timely paid.

Subd. 5. **Lien.** The taxes imposed by this section are a lien upon the property assessed to the same extent and for the same duration as other taxes imposed on the property in this state. The tax shall be annually extended by the county auditor and if and when payable shall be collected and distributed in the manner provided by law for the collection and distribution of other property taxes.

**EFFECTIVE DATE.** This section is effective beginning with property taxes payable in 2020.

Sec. 23. Minnesota Statutes 2018, section 273.13, subdivision 23, is amended to read:

Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural land that is homesteaded, along with any class 2b rural vacant land that is contiguous to the class 2a land under the same ownership. The market value of the house and garage and immediately surrounding one acre of land has the same classification rates as class 1a or 1b property under subdivision 22. The value of the remaining land including improvements up to the first tier valuation limit of agricultural homestead property has a classification rate of 0.5 percent of market value. The remaining property over the first tier has a classification rate of one percent of market value. For purposes of this subdivision, the "first tier valuation limit of agricultural homestead property" and "first tier" means the limit certified under section 273.11, subdivision 23.

(b) Class 2a agricultural land consists of parcels of property, or portions thereof, that are agricultural land and buildings. Class 2a property has a classification rate of one percent of market value, unless it is part of an agricultural homestead under paragraph (a). Class 2a property must also include any property that would otherwise be classified as 2b, but is interspersed with class 2a property, including but not limited to sloughs, wooded wind



shelters, acreage abutting ditches, ravines, rock piles, land subject to a setback requirement, and other similar land that is impractical for the assessor to value separately from the rest of the property or that is unlikely to be able to be sold separately from the rest of the property.

An assessor may classify the part of a parcel described in this subdivision that is used for agricultural purposes as class 2a and the remainder in the class appropriate to its use.

(c) Class 2b rural vacant land consists of parcels of property, or portions thereof, that are unplatted real estate, rural in character and not used for agricultural purposes, including land used for growing trees for timber, lumber, and wood and wood products, that is not improved with a structure. The presence of a minor, ancillary nonresidential structure as defined by the commissioner of revenue does not disqualify the property from classification under this paragraph. Any parcel of 20 acres or more improved with a structure that is not a minor, ancillary nonresidential structure must be split-classified, and ten acres must be assigned to the split parcel containing the structure. Class 2b property has a classification rate of one percent of market value unless it is part of an agricultural homestead under paragraph (a), or qualifies as class 2c under paragraph (d).

(d) Class 2c managed forest land consists of no less than 20 and no more than 1,920 acres statewide per taxpayer that is being managed under a forest management plan that meets the requirements of chapter 290C, but is not enrolled in the sustainable forest resource management incentive program. It has a classification rate of .65 percent, provided that the owner of the property must apply to the assessor in order for the property to initially qualify for the reduced rate and provide the information required by the assessor to verify that the property qualifies for the reduced rate. If the assessor receives the application and information before May 1 in an assessment year, the property qualifies beginning with that assessment year. If the assessor receives the application and information after April 30 in an assessment year, the property may not qualify until the next assessment year. The commissioner of natural resources must concur that the land is qualified. The commissioner of natural resources shall annually provide county assessors verification information on a timely basis. The presence of a minor, ancillary nonresidential structure as defined by the commissioner of revenue does not disqualify the property from classification under this paragraph.

(e) Agricultural land as used in this section means:

- (1) contiguous acreage of ten acres or more, used during the preceding year for agricultural purposes; or
- (2) contiguous acreage used during the preceding year for an intensive livestock or poultry confinement operation, provided that land used only for pasturing or grazing does not qualify under this clause.

"Agricultural purposes" as used in this section means the raising, cultivation, drying, or storage of agricultural products for sale, or the storage of machinery or equipment used in support of agricultural production by the same farm entity. For a property to be classified as agricultural based only on the drying or storage of agricultural products, the products being dried or stored must have been produced by the same farm entity as the entity operating the drying or storage facility. "Agricultural purposes" also includes (i) enrollment in a local conservation program or the Reinvest in Minnesota program under sections 103F.501 to 103F.535 or the federal Conservation Reserve Program as contained in Public Law 99-198 or a similar state or federal conservation program if the property was classified as agricultural ~~(A)~~ under this subdivision for taxes payable in 2003 because of its enrollment in a qualifying program and the land remains enrolled or ~~(B)~~ in the year prior to its enrollment, or (ii) use of land, not to exceed three acres, to provide environmental benefits such as buffer strips, old growth forest restoration or retention, or retention ponds to prevent soil erosion. For purposes of this section, a "local conservation program" means a program administered by a town, statutory or home rule charter city, or county, including a watershed district, water management organization, or soil and water conservation district, in which landowners voluntarily enroll land and receive incentive payments equal to at least \$50 per acre in exchange for use or other restrictions placed on the land. In order for property to qualify under the local conservation program provision, a taxpayer must

apply to the assessor by February 1 of the assessment year and must submit the information required by the assessor, including but not limited to a copy of the program requirements, the specific agreement between the land owner and the local agency, if applicable, and a map of the conservation area. Agricultural classification shall not be based upon the market value of any residential structures on the parcel or contiguous parcels under the same ownership.

"Contiguous acreage," for purposes of this paragraph, means all of, or a contiguous portion of, a tax parcel as described in section 272.193, or all of, or a contiguous portion of, a set of contiguous tax parcels under that section that are owned by the same person.

(f) Agricultural land under this section also includes:

(1) contiguous acreage that is less than ten acres in size and exclusively used in the preceding year for raising or cultivating agricultural products; or

(2) contiguous acreage that contains a residence and is less than 11 acres in size, if the contiguous acreage exclusive of the house, garage, and surrounding one acre of land was used in the preceding year for one or more of the following three uses:

(i) for an intensive grain drying or storage operation, or for intensive machinery or equipment storage activities used to support agricultural activities on other parcels of property operated by the same farming entity;

(ii) as a nursery, provided that only those acres used intensively to produce nursery stock are considered agricultural land; or

(iii) for intensive market farming; for purposes of this paragraph, "market farming" means the cultivation of one or more fruits or vegetables or production of animal or other agricultural products for sale to local markets by the farmer or an organization with which the farmer is affiliated.

"Contiguous acreage," for purposes of this paragraph, means all of a tax parcel as described in section 272.193, or all of a set of contiguous tax parcels under that section that are owned by the same person.

(g) Land shall be classified as agricultural even if all or a portion of the agricultural use of that property is the leasing to, or use by another person for agricultural purposes.

Classification under this subdivision is not determinative for qualifying under section 273.111.

(h) The property classification under this section supersedes, for property tax purposes only, any locally administered agricultural policies or land use restrictions that define minimum or maximum farm acreage.

(i) The term "agricultural products" as used in this subdivision includes production for sale of:

(1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing animals, horticultural and nursery stock, fruit of all kinds, vegetables, forage, grains, bees, and apiary products by the owner;

(2) aquacultural products for sale and consumption, as defined under section 17.47, if the aquaculture occurs on land zoned for agricultural use;

(3) the commercial boarding of horses, which may include related horse training and riding instruction, if the boarding is done on property that is also used for raising pasture to graze horses or raising or cultivating other agricultural products as defined in clause (1);

(4) property which is owned and operated by nonprofit organizations used for equestrian activities, excluding racing;

(5) game birds and waterfowl bred and raised (i) on a game farm licensed under section 97A.105, provided that the annual licensing report to the Department of Natural Resources, which must be submitted annually by March 30 to the assessor, indicates that at least 500 birds were raised or used for breeding stock on the property during the preceding year and that the owner provides a copy of the owner's most recent schedule F; or (ii) for use on a shooting preserve licensed under section 97A.115;

(6) insects primarily bred to be used as food for animals;

(7) trees, grown for sale as a crop, including short rotation woody crops, and not sold for timber, lumber, wood, or wood products; and

(8) maple syrup taken from trees grown by a person licensed by the Minnesota Department of Agriculture under chapter 28A as a food processor.

(j) If a parcel used for agricultural purposes is also used for commercial or industrial purposes, including but not limited to:

(1) wholesale and retail sales;

(2) processing of raw agricultural products or other goods;

(3) warehousing or storage of processed goods; and

(4) office facilities for the support of the activities enumerated in clauses (1), (2), and (3),

the assessor shall classify the part of the parcel used for agricultural purposes as class 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use. The grading, sorting, and packaging of raw agricultural products for first sale is considered an agricultural purpose. A greenhouse or other building where horticultural or nursery products are grown that is also used for the conduct of retail sales must be classified as agricultural if it is primarily used for the growing of horticultural or nursery products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products. Use of a greenhouse or building only for the display of already grown horticultural or nursery products does not qualify as an agricultural purpose.

(k) The assessor shall determine and list separately on the records the market value of the homestead dwelling and the one acre of land on which that dwelling is located. If any farm buildings or structures are located on this homesteaded acre of land, their market value shall not be included in this separate determination.

(l) Class 2d airport landing area consists of a landing area or public access area of a privately owned public use airport. It has a classification rate of one percent of market value. To qualify for classification under this paragraph, a privately owned public use airport must be licensed as a public airport under section 360.018. For purposes of this paragraph, "landing area" means that part of a privately owned public use airport properly cleared, regularly maintained, and made available to the public for use by aircraft and includes runways, taxiways, aprons, and sites upon which are situated landing or navigational aids. A landing area also includes land underlying both the primary surface and the approach surfaces that comply with all of the following:

(i) the land is properly cleared and regularly maintained for the primary purposes of the landing, taking off, and taxiing of aircraft; but that portion of the land that contains facilities for servicing, repair, or maintenance of aircraft is not included as a landing area;

- (ii) the land is part of the airport property; and
- (iii) the land is not used for commercial or residential purposes.

The land contained in a landing area under this paragraph must be described and certified by the commissioner of transportation. The certification is effective until it is modified, or until the airport or landing area no longer meets the requirements of this paragraph. For purposes of this paragraph, "public access area" means property used as an aircraft parking ramp, apron, or storage hangar, or an arrival and departure building in connection with the airport.

(m) Class 2e consists of land with a commercial aggregate deposit that is not actively being mined and is not otherwise classified as class 2a or 2b, provided that the land is not located in a county that has elected to opt-out of the aggregate preservation program as provided in section 273.1115, subdivision 6. It has a classification rate of one percent of market value. To qualify for classification under this paragraph, the property must be at least ten contiguous acres in size and the owner of the property must record with the county recorder of the county in which the property is located an affidavit containing:

- (1) a legal description of the property;
- (2) a disclosure that the property contains a commercial aggregate deposit that is not actively being mined but is present on the entire parcel enrolled;
- (3) documentation that the conditional use under the county or local zoning ordinance of this property is for mining; and
- (4) documentation that a permit has been issued by the local unit of government or the mining activity is allowed under local ordinance. The disclosure must include a statement from a registered professional geologist, engineer, or soil scientist delineating the deposit and certifying that it is a commercial aggregate deposit.

For purposes of this section and section 273.1115, "commercial aggregate deposit" means a deposit that will yield crushed stone or sand and gravel that is suitable for use as a construction aggregate; and "actively mined" means the removal of top soil and overburden in preparation for excavation or excavation of a commercial deposit.

(n) When any portion of the property under this subdivision or subdivision 22 begins to be actively mined, the owner must file a supplemental affidavit within 60 days from the day any aggregate is removed stating the number of acres of the property that is actively being mined. The acres actively being mined must be (1) valued and classified under subdivision 24 in the next subsequent assessment year, and (2) removed from the aggregate resource preservation property tax program under section 273.1115, if the land was enrolled in that program. Copies of the original affidavit and all supplemental affidavits must be filed with the county assessor, the local zoning administrator, and the Department of Natural Resources, Division of Land and Minerals. A supplemental affidavit must be filed each time a subsequent portion of the property is actively mined, provided that the minimum acreage change is five acres, even if the actual mining activity constitutes less than five acres.

(o) The definitions prescribed by the commissioner under paragraphs (c) and (d) are not rules and are exempt from the rulemaking provisions of chapter 14, and the provisions in section 14.386 concerning exempt rules do not apply.

**EFFECTIVE DATE.** This section is effective for assessment year 2019 and thereafter.

Sec. 24. Minnesota Statutes 2018, section 273.13, subdivision 34, is amended to read:

Subd. 34. **Homestead of disabled veteran or family caregiver.** (a) All or a portion of the market value of property owned by a veteran and serving as the veteran's homestead under this section is excluded in determining the property's taxable market value if the veteran has a service-connected disability of 70 percent or more as certified by the United States Department of Veterans Affairs. To qualify for exclusion under this subdivision, the veteran must have been honorably discharged from the United States armed forces, as indicated by United States Government Form DD214 or other official military discharge papers.

(b)(1) For a disability rating of 70 percent or more, \$150,000 of market value is excluded, except as provided in clause (2); and

(2) for a total (100 percent) and permanent disability, \$300,000 of market value is excluded.

(c) If a disabled veteran qualifying for a valuation exclusion under paragraph (b), clause (2), predeceases the veteran's spouse, and if upon the death of the veteran the spouse holds the legal or beneficial title to the homestead and permanently resides there, the exclusion shall carry over to the benefit of the veteran's spouse ~~for the current taxes payable year and for eight additional taxes payable years~~ or until such time as the spouse remarries, or sells, transfers, or otherwise disposes of the property, ~~whichever comes first~~ except as otherwise provided in paragraph (n). Qualification under this paragraph requires an application under paragraph (h), and a spouse must notify the assessor if there is a change in the spouse's marital status, ownership of the property, or use of the property as a permanent residence.

(d) If the spouse of a member of any branch or unit of the United States armed forces who dies due to a service-connected cause while serving honorably in active service, as indicated on United States Government Form DD1300 or DD2064, holds the legal or beneficial title to a homestead and permanently resides there, the spouse is entitled to the benefit described in paragraph (b), clause (2), ~~for eight taxes payable years, or~~ until such time as the spouse remarries or sells, transfers, or otherwise disposes of the property, ~~whichever comes first~~ except as otherwise provided in paragraph (n).

(e) If a veteran meets the disability criteria of paragraph (a) but does not own property classified as homestead in the state of Minnesota, then the homestead of the veteran's primary family caregiver, if any, is eligible for the exclusion that the veteran would otherwise qualify for under paragraph (b).

(f) In the case of an agricultural homestead, only the portion of the property consisting of the house and garage and immediately surrounding one acre of land qualifies for the valuation exclusion under this subdivision.

(g) A property qualifying for a valuation exclusion under this subdivision is not eligible for the market value exclusion under subdivision 35, or classification under subdivision 22, paragraph (b).

(h) To qualify for a valuation exclusion under this subdivision a property owner must apply to the assessor by ~~July 1~~ December 15 of the first assessment year for which the exclusion is sought. For an application received after ~~July 1~~ December 15, the exclusion shall become effective for the following assessment year. Except as provided in paragraph (c), the owner of a property that has been accepted for a valuation exclusion must notify the assessor if there is a change in ownership of the property or in the use of the property as a homestead. When a property qualifying for a market value exclusion under this subdivision is sold or transferred, the exclusion must be removed for the current assessment year, provided that the new owner may file a claim for an exclusion if eligible.

(i) A first-time application by a qualifying spouse for the market value exclusion under paragraph (d) must be made any time within two years of the death of the service member.

(j) For purposes of this subdivision:

(1) "active service" has the meaning given in section 190.05;

(2) "own" means that the person's name is present as an owner on the property deed;

(3) "primary family caregiver" means a person who is approved by the secretary of the United States Department of Veterans Affairs for assistance as the primary provider of personal care services for an eligible veteran under the Program of Comprehensive Assistance for Family Caregivers, codified as United States Code, title 38, section 1720G; and

(4) "veteran" has the meaning given the term in section 197.447.

(k) If a veteran dying after December 31, 2011, did not apply for or receive the exclusion under paragraph (b), clause (2), before dying, the veteran's spouse is entitled to the benefit under paragraph (b), clause (2), ~~for eight taxes payable years or~~ until the spouse remarries or sells, transfers, or otherwise disposes of the property, except as otherwise provided in paragraph (n), if:

(1) the spouse files a first-time application within two years of the death of the service member or by June 1, 2019, whichever is later;

(2) upon the death of the veteran, the spouse holds the legal or beneficial title to the homestead and permanently resides there;

(3) the veteran met the honorable discharge requirements of paragraph (a); and

(4) the United States Department of Veterans Affairs certifies that:

(i) the veteran met the total (100 percent) and permanent disability requirement under paragraph (b), clause (2); or

(ii) the spouse has been awarded dependency and indemnity compensation.

(l) The purpose of this provision of law providing a level of homestead property tax relief for gravely disabled veterans, their primary family caregivers, and their surviving spouses is to help ease the burdens of war for those among our state's citizens who bear those burdens most heavily.

(m) By July 1 for current enrollees and by December 15 for new applications, the county veterans service officer must certify the disability rating and permanent address of each veteran receiving the benefit under paragraph (b) to the assessor.

(n) A spouse who received the benefit in paragraph (c), (d), or (k) but no longer holds the legal or beneficial title to the property may continue to receive the exclusion for a property other than the property for which the exclusion was initially granted until the spouse remarries or sells, transfers, or otherwise disposes of the property, provided that:

(1) the spouse applies under paragraph (h) for the continuation of the exclusion allowed under this paragraph;

(2) the spouse holds the legal or beneficial title to the property for which the continuation of the exclusion is sought under this paragraph, and permanently resides there;

(3) the estimated market value of the property for which the exclusion is sought under this paragraph is less than or equal to the estimated market value of the property that first received the exclusion, based on the value of each property on the date of the sale of the property that first received the exclusion; and

(4) the spouse has not previously received the benefit under this paragraph for a property other than the property for which the exclusion is sought.

**EFFECTIVE DATE.** This section is effective beginning with assessments in 2019, for taxes payable in 2020.

Sec. 25. Minnesota Statutes 2018, section 273.13, subdivision 35, is amended to read:

Subd. 35. **Homestead market value exclusion.** (a) Prior to determining a property's net tax capacity under this section, property classified as class 1a or 1b under subdivision 22, and the portion of property classified as class 2a under subdivision 23 consisting of the house, garage, and surrounding one acre of land, shall be eligible for a market value exclusion as determined under paragraph (b).

(b) For a homestead valued at \$76,000 or less, the exclusion is 40 percent of market value. For a homestead valued between \$76,000 and \$413,800, the exclusion is \$30,400 minus nine percent of the valuation over \$76,000. For a homestead valued at \$413,800 or more, there is no valuation exclusion. The valuation exclusion shall be rounded to the nearest whole dollar, and may not be less than zero.

(c) Any valuation exclusions or adjustments under section 273.11 shall be applied prior to determining the amount of the valuation exclusion under this subdivision.

(d) In the case of a property that is classified as part homestead and part nonhomestead, (i) the exclusion shall apply only to the homestead portion of the property, but (ii) if a portion of a property is classified as nonhomestead solely because not all the owners occupy the property, not all the owners have qualifying relatives occupying the property, or solely because not all the spouses of owners occupy the property, the exclusion amount shall be initially computed as if that nonhomestead portion were also in the homestead class and then prorated to the owner-occupant's percentage of ownership, as determined by the land records in the county recorder's office or registrar of titles. If ownership percentages of each owner cannot be determined by reference to the land records, the ownership percentages must be determined as if each owner owned an equal share of the property. For the purpose of this section, when an owner-occupant's spouse does not occupy the property, the percentage of ownership for the owner-occupant spouse is one-half of the couple's ownership percentage.

**EFFECTIVE DATE.** This section is effective for taxes payable in 2020 and thereafter.

Sec. 26. Minnesota Statutes 2018, section 273.136, subdivision 2, is amended to read:

Subd. 2. **Reduction amounts submitted to county.** The commissioner of revenue shall determine, not later than April 1 of each year, the amount of reduction resulting from section 273.135 in each county containing a tax relief area as defined by section 273.134, paragraph (b), basing determinations on a review of ~~abstracts of tax lists submitted by the county auditors pursuant to section 275.29~~ information reported to the commissioner under section 270C.85, subdivision 2, clause (4). The commissioner may make changes ~~in the abstracts of tax lists~~ as deemed necessary. The commissioner of revenue, after such review, shall submit to the St. Louis County auditor, on or before April 15, the amount of the first half payment payable hereunder and on or before September 15 the amount of the second half payment.

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

Sec. 27. Minnesota Statutes 2018, section 273.1384, subdivision 2, is amended to read:

Subd. 2. **Agricultural homestead market value credit.** Property classified as agricultural homestead under section 273.13, subdivision 23, paragraph (a), is eligible for an agricultural credit. The credit is computed using the property's agricultural credit market value, defined for this purpose as the property's market value excluding the market value of the house, garage, and immediately surrounding one acre of land. The credit is equal to 0.3 percent of the first \$115,000 of the property's agricultural credit market value plus 0.1 percent of the property's agricultural credit market value in excess of \$115,000, subject to a maximum credit of \$490. In the case of property that is classified as part homestead and part nonhomestead solely because not all the owners occupy or farm the property, not all the owners have qualifying relatives occupying or farming the property, or solely because not all the spouses of owners occupy the property, the credit is computed on the amount of agricultural credit market value corresponding to the owner-occupant's percentage of homestead. the percentage of homestead is equal to 100 divided by the number of owners of the property, or, in the case of a trust, the number of grantors of the trust that owns the property ownership, as determined by the land records in the county recorder's office or registrar of titles. If ownership percentages of each owner cannot be determined by reference to the land records, the ownership percentages must be determined as if each owner owned an equal share of the property.

**EFFECTIVE DATE.** This section is effective for taxes payable in 2020 and thereafter.

Sec. 28. Minnesota Statutes 2018, section 273.1384, subdivision 3, is amended to read:

Subd. 3. **Credit reimbursements.** The county auditor shall determine the tax reductions allowed under subdivision 2 within the county for each taxes payable year and shall certify that amount to the commissioner of revenue ~~as a part of the abstracts of tax lists submitted by the county auditors under section 275.29~~ under section 270C.85, subdivision 2, clause (4). Any prior year adjustments shall also be certified ~~on the abstracts of tax lists.~~ The commissioner shall review the certifications for accuracy, and may make such changes as are deemed necessary, or return the certification to the county auditor for correction. The credit under this section must be used to proportionately reduce the net tax capacity-based property tax payable to each local taxing jurisdiction as provided in section 273.1393.

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

Sec. 29. Minnesota Statutes 2018, section 273.1387, subdivision 3, is amended to read:

Subd. 3. **Credit reimbursements.** The county auditor shall determine the tax reductions allowed under this section within the county for each taxes payable year and shall certify that amount to the commissioner of revenue ~~as a part of the abstracts of tax lists submitted under section 275.29~~ under section 270C.85, subdivision 2, clause (4). Any prior year adjustments shall also be certified ~~on the abstracts of tax lists.~~ The commissioner shall review the certifications for accuracy, and may make such changes as are deemed necessary, or return the certification to the county auditor for correction. The credit under this section must be used to reduce the school district net tax capacity-based property tax as provided in section 273.1393.

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

Sec. 30. Minnesota Statutes 2018, section 273.18, is amended to read:

### **273.18 LISTING, VALUATION, AND ASSESSMENT OF EXEMPT PROPERTY BY COUNTY AUDITORS.**

(a) In every sixth year after the year 2010, the county auditor shall enter the description of each tract of real property exempt by law from taxation, with the name of the owner, and the assessor shall value and assess the same in the same manner that other real property is valued and assessed, and shall designate in each case the purpose for which the property is used.



(b) ~~For purposes of the apportionment of fire state aid under section 69.021, subdivision 7, The county auditor shall include on the abstract of assessment of exempt real property filed under this section in the exempt property information that the commissioner may require under section 270C.85, subdivision 2, clause (4), the total number of acres of all natural resources lands for which in lieu payments are made under sections 477A.11 to 477A.14. The assessor shall estimate its market value, provided that if the assessor is not able to estimate the market value of the land on a per parcel basis, the assessor shall furnish the commissioner of revenue with an estimate of the average value per acre of this land within the county.~~

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

Sec. 31. Minnesota Statutes 2018, section 273.371, subdivision 1, is amended to read:

Subdivision 1. **Report required.** Every electric light, power, gas, water, express, stage, transportation, and pipeline company doing business in Minnesota shall annually file with the commissioner on or before March 31 a report under oath setting forth the information prescribed by the commissioner to enable the commissioner to make valuations, recommended valuations, and equalization required under sections 273.33, 273.35, 273.36, 273.37, and 273.3711. The commissioner shall prescribe the content, format, and manner of the report pursuant to section 270C.30, except that for cooperative associations defined in section 273.40, the information provided in the report must be aggregated to the unique taxing jurisdiction level and exclude information related to property subject to the in-lieu tax under section 273.41, and that a "law administered by the commissioner" includes the property tax laws. If all the required information is not available on March 31, the company shall file the information that is available on or before March 31, and the balance of the information as soon as it becomes available. If a report is made by electronic means, the taxpayer's signature is defined pursuant to section 270C.304, except that a "law administered by the commissioner" includes the property tax laws. For purposes of this subdivision, "unique taxing jurisdiction" means the geographic area subject to the same set of local tax rates.

**EFFECTIVE DATE.** This section is effective beginning with assessments in 2020.

Sec. 32. Minnesota Statutes 2018, section 274.14, is amended to read:

**274.14 LENGTH OF SESSION; RECORD.**

The board must meet after the second Friday in June on at least one meeting day and may meet for up to ten consecutive meeting days. The actual meeting dates must be contained on the valuation notices mailed to each property owner in the county as provided in section 273.121. For this purpose, "meeting days" is defined as any day of the week excluding Sunday. At the board's discretion, "meeting days" may include Saturday. No action taken by the county board of review after June 30 is valid, except for corrections permitted in sections 273.01 and 274.01. The county auditor shall keep an accurate record of the proceedings and orders of the board. The record must be published like other proceedings of county commissioners. A copy of the published record must be sent to the commissioner of revenue, ~~with the abstract of assessment required by section 274.16~~ within five days following final action of the county board of equalization.

For counties that conduct either regular board of review meetings or open book meetings, at least one of the meeting days must include a meeting that does not end before 7:00 p.m. For counties that require taxpayer appointments for the board of review, appointments must include some available times that extend until at least 7:00 p.m. The county may have a Saturday meeting in lieu of, or in addition to, the extended meeting times under this paragraph.

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

Sec. 33. Minnesota Statutes 2018, section 274.16, is amended to read:

**274.16 CORRECTED LISTS, ~~ABSTRACTS~~.**

The county assessor or, in Ramsey County, the official designated by the board of county commissioners shall calculate the changes of the assessment lists determined by the county board of equalization, and make corrections accordingly, in the real or personal lists, or both, and shall make ~~duplicate abstracts~~ duplicates of them. One must be filed in the assessor's office, and one must be forwarded to the commissioner of revenue as provided in section 270C.89.

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

Sec. 34. Minnesota Statutes 2018, section 275.025, subdivision 1, is amended to read:

Subdivision 1. **Levy amount.** The state general levy is levied against commercial-industrial property and seasonal residential recreational property, as defined in this section. The state general levy for commercial-industrial property is ~~\$784,590,000~~, for taxes payable in ~~2018~~ 2020 and thereafter, 42.416 percent times the total commercial-industrial tax capacity as assessed in the previous year. The state general levy for seasonal-recreational property is \$44,190,000 for taxes payable in 2018 and thereafter. The tax under this section is not treated as a local tax rate under section 469.177 and is not the levy of a governmental unit under chapters 276A and 473F.

The commissioner shall increase or decrease the preliminary or final rate for a year as necessary to account for errors and tax base changes that affected a preliminary or final rate for either of the two preceding years. Adjustments are allowed to the extent that the necessary information is available to the commissioner at the time the rates for a year must be certified, and for the following reasons:

(1) an erroneous report of taxable value by a local official;

(2) an erroneous calculation by the commissioner; and

(3) an increase or decrease in taxable value for commercial-industrial or seasonal residential recreational property reported ~~on the abstracts of tax lists submitted under section 275.29 that was not reported on the abstracts of assessment submitted under section 270C.89~~ to the commissioner under section 270C.85, subdivision 2, clause (4), for the same year.

The commissioner may, but need not, make adjustments if the total difference in the tax levied for the year would be less than \$100,000.

**EFFECTIVE DATE.** This section is effective beginning with property taxes payable in 2020, except the amendments to clause (3) are effective the day following final enactment.

Sec. 35. Minnesota Statutes 2018, section 282.01, subdivision 6, is amended to read:

Subd. 6. **Duties of commissioner after sale.** (a) When any sale has been made by the county auditor under sections 282.01 to 282.13, the auditor shall immediately certify to the commissioner of revenue such information relating to such sale, on such forms as the commissioner of revenue may prescribe as will enable the commissioner of revenue to prepare an appropriate deed if the sale is for cash, or keep necessary records if the sale is on terms; and not later than October 31 of each year the county auditor shall submit to the commissioner of revenue a statement of all instances wherein any payment of principal, interest, or current taxes on lands held under certificate, due or to be paid during the preceding calendar years, are still outstanding at the time such certificate is made. When such statement shows that a purchaser or the purchaser's assignee is in default, the commissioner of revenue may instruct

the county board of the county in which the land is located to cancel said certificate of sale in the manner provided by subdivision 5, provided that upon recommendation of the county board, and where the circumstances are such that the commissioner of revenue after investigation is satisfied that the purchaser has made every effort reasonable to make payment of both the annual installment and said taxes, and that there has been no willful neglect on the part of the purchaser in meeting these obligations, then the commissioner of revenue may extend the time for the payment for such period as the commissioner may deem warranted, not to exceed one year. On payment in full of the purchase price, appropriate conveyance in fee, in such form as may be prescribed by the attorney general, shall be issued by the commissioner of revenue, which conveyance must be recorded by the county and shall have the force and effect of a patent from the state subject to easements and restrictions of record at the date of the tax judgment sale, including, but without limitation, permits for telephone and electric power lines either by underground cable or conduit or otherwise, sewer and water lines, highways, railroads, and pipe lines for gas, liquids, or solids in suspension.

(b) The commissioner of revenue shall issue an appropriate conveyance in fee when approval from the county auditor is given based upon written confirmation from a licensed closing agent, title insurer, or title insurance agent as specified in section 82.641. For purposes of this paragraph, "written confirmation" means a written commitment or approval that the funding for the conveyance is held in an escrow account available for disbursement upon delivery of a conveyance. The conveyance issued by the commissioner of revenue shall not be effective as a conveyance until it is recorded. The conveyance shall be issued to the county auditor where the land is located. Upon receipt of the conveyance, the county auditor shall hold the conveyance until the conveyance is requested from a licensed closing agent, title insurer, or title insurance agent to settle and close on the conveyance. If a request for the conveyance is not made within 30 days of the date the conveyance is issued by the commissioner of revenue, the county auditor shall return the conveyance to the commissioner. If the conveyance is delivered to the licensed closing agent, title insurer, or title insurance agent and the closing does not occur within ten days of the request, the licensed closing agent, title insurer, or title insurance agent shall immediately return the conveyance to the county auditor and, upon receipt, the county auditor shall return the conveyance to the commissioner of revenue. The commissioner of revenue shall cancel and destroy all conveyances returned by the county auditor pursuant to this subdivision. The licensed closing agent, title insurer, or title insurance agent must promptly record the conveyance after the closing and must deliver an attested or certified copy to the county auditor and to the grantee or grantees named on the conveyance.

**EFFECTIVE DATE.** This section is effective for conveyances issued by the commissioner of revenue after December 31, 2019.

Sec. 36. Minnesota Statutes 2018, section 287.21, subdivision 1, is amended to read:

Subdivision 1. **Determination of tax.** (a) A tax is imposed on each deed or instrument by which any real property in this state is granted, assigned, transferred, or otherwise conveyed. The tax applies against the net consideration. For purposes of the tax, the conversion of a corporation to a limited liability company, a limited liability company to a corporation, a partnership to a limited partnership, a limited partnership to another limited partnership or other entity, or a similar conversion of one entity to another does not grant, assign, transfer, or convey real property.

(b) The tax is determined in the following manner: (1) when transfers are made by instruments pursuant to (i) consolidations or mergers, or (ii) designated transfers, the tax is \$1.65; (2) when there is no consideration or when the consideration, exclusive of the value of any lien or encumbrance remaining thereon at the time of sale, is ~~\$500~~ \$3,000 or less, the tax is \$1.65; or (3) when the consideration, exclusive of the value of any lien or encumbrance remaining at the time of sale, exceeds ~~\$500~~ \$3,000, the tax is .0033 of the net consideration.

(c) If, within six months from the date of a designated transfer, an ownership interest in the grantee entity is transferred by an initial owner to any person or entity with the result that the designated transfer would not have been a designated transfer if made to the grantee entity with its subsequent ownership, then a tax is imposed at .0033

of the net consideration for the designated transfer. If the subsequent transfer of ownership interests was reasonably expected at the time of the designated transfer, the applicable penalty under section 287.31, subdivision 1, must be paid. The deed tax imposed under this paragraph is due within 30 days of the subsequent transfer that caused the tax to be imposed under this paragraph. Involuntary transfers of ownership shall not be considered transfers of ownership under this paragraph. The commissioner may adopt rules defining the types of transfers to be considered involuntary.

(d) The tax is due at the time a taxable deed or instrument is presented for recording, except as provided in paragraph (c). The commissioner may require the tax to be documented in a manner prescribed by the commissioner, and may require that the documentation be attached to and recorded as part of the deed or instrument. The county recorder or registrar of titles shall accept the attachment for recording as part of the deed or instrument and may not require, as a condition of recording a deed or instrument, evidence that a transfer is a designated transfer in addition to that required by the commissioner. Such an attachment shall not, however, provide actual or constructive notice of the information contained therein for purposes of determining any interest in the real property. The commissioner shall prescribe the manner in which the tax due under paragraph (c) is to be paid and may require grantees of designated transfers to file with the commissioner subsequent statements verifying that the tax provided under paragraph (c) does not apply.

**EFFECTIVE DATE.** This section is effective for deeds recorded after December 31, 2019.

Sec. 37. Minnesota Statutes 2018, section 290A.03, subdivision 13, is amended to read:

Subd. 13. **Property taxes payable.** "Property taxes payable" means the property tax exclusive of special assessments, penalties, and interest payable on a claimant's homestead after deductions made under sections 273.135, 273.1384, 273.1391, 273.42, subdivision 2, and any other state paid property tax credits in any calendar year, and after any refund claimed and allowable under section 290A.04, subdivision 2h, that is first payable in the year that the property tax is payable. In the case of a claimant who makes ground lease payments, "property taxes payable" includes the amount of the payments directly attributable to the property taxes assessed against the parcel on which the house is located. Regardless of the limitations in section 280A(c)(5) of the Internal Revenue Code, "property taxes payable" must be apportioned or reduced for the use of a portion of the claimant's homestead for a business purpose if the claimant deducts any business depreciation expenses for the use of a portion of the homestead or deducts expenses under section 280A of the Internal Revenue Code for a business operated in the claimant's homestead. For homesteads which are manufactured homes as defined in section 273.125, subdivision 8, ~~and for homesteads which are~~ including manufactured homes located in a manufactured home community owned by a cooperative organized under chapter 308A or 308B, and park trailers taxed as manufactured homes under section 168.012, subdivision 9, "property taxes payable" shall also include 17 percent of the gross rent paid in the preceding year for the site on which the homestead is located. When a homestead is owned by two or more persons as joint tenants or tenants in common, such tenants shall determine between them which tenant may claim the property taxes payable on the homestead. If they are unable to agree, the matter shall be referred to the commissioner of revenue whose decision shall be final. Property taxes are considered payable in the year prescribed by law for payment of the taxes.

In the case of a claim relating to "property taxes payable," the claimant must have owned and occupied the homestead on January 2 of the year in which the tax is payable and (i) the property must have been classified as homestead property pursuant to section 273.124, on or before December 15 of the assessment year to which the "property taxes payable" relate; or (ii) the claimant must provide documentation from the local assessor that application for homestead classification has been made on or before December 15 of the year in which the "property taxes payable" were payable and that the assessor has approved the application.

**EFFECTIVE DATE.** This section is effective beginning with claims for tax payable in 2020.

Sec. 38. Minnesota Statutes 2018, section 290B.04, subdivision 1, is amended to read:

Subdivision 1. **Initial application.** (a) A taxpayer meeting the program qualifications under section 290B.03 may apply to the commissioner of revenue for the deferral of taxes. Applications are due on or before ~~July~~ November 1 for deferral of any of the following year's property taxes. A taxpayer may request an early notification of approval or denial at any time. The commissioner must notify a taxpayer in writing of the reasons for an application denial and that the application may be amended and resubmitted by the due date specified in this subdivision. A taxpayer may apply in the year in which the taxpayer becomes 65 years old, provided that no deferral of property taxes will be made until the calendar year after the taxpayer becomes 65 years old. The application, which shall be prescribed by the commissioner of revenue, shall include the following items and any other information which the commissioner deems necessary:

- (1) the name, address, and Social Security number of the owner or owners;
- (2) a copy of the property tax statement for the current payable year for the homesteaded property;
- (3) the initial year of ownership and occupancy as a homestead;
- (4) the owner's household income for the previous calendar year; and

(5) information on any mortgage loans or other amounts secured by mortgages or other liens against the property, for which purpose the commissioner may require the applicant to provide a copy of the mortgage note, the mortgage, or a statement of the balance owing on the mortgage loan provided by the mortgage holder. The commissioner may require the appropriate documents in connection with obtaining and confirming information on unpaid amounts secured by other liens.

The application must state that program participation is voluntary. The application must also state that the deferred amount depends directly on the applicant's household income, and that program participation includes authorization for the annual deferred amount, the cumulative deferral and interest that appear on each year's notice prepared by the county under subdivision 6, is public data.

The application must state that program participants may claim the property tax refund based on the full amount of property taxes eligible for the refund, including any deferred amounts. The application must also state that property tax refunds will be used to offset any deferral and interest under this program, and that any other amounts subject to revenue recapture under section 270A.03, subdivision 7, will also be used to offset any deferral and interest under this program.

(b) If an application is denied, the applicant must be allowed to correct and resubmit the denied application within 90 days of the application deadline. The submission date of the resubmitted application is considered to be the same as the submission date of the original application.

~~(b)~~ (c) As part of the initial application process, the commissioner may require the applicant to obtain at the applicant's own cost and submit:

- (1) if the property is registered property under chapter 508 or 508A, a copy of the original certificate of title in the possession of the county registrar of titles (sometimes referred to as "condition of register"); ~~or~~
- (2) if the property is abstract property, a report prepared by a licensed abstracter showing the last deed and any unsatisfied mortgages, liens, judgments, and state and federal tax lien notices which were recorded on or after the date of that last deed with respect to the property or to the applicant; or

(3) a copy of a court order transferring title to the applicant as described in paragraph (d).

The certificate or report under clauses (1) and (2) need not include references to any documents filed or recorded more than 40 years prior to the date of the certification or report. The certification or report must be as of a date not more than 30 days prior to submission of the application.

The commissioner may also require the county recorder or county registrar of the county where the property is located to provide copies of recorded documents related to the applicant or the property, for which the recorder or registrar shall not charge a fee. The commissioner may use any information available to determine or verify eligibility under this section. The household income from the application is private data on individuals as defined in section 13.02, subdivision 12.

(d) For purposes of this section, a copy of a court order transferring title of real property to the applicant is sufficient to demonstrate that title is held by the applicant.

**EFFECTIVE DATE.** This section is effective beginning with applications submitted in 2019, except that paragraphs (b), (c), clause (3), and (d) are effective the day following final enactment and apply to applications resubmitted on or after that date.

Sec. 39. Minnesota Statutes 2018, section 290B.09, subdivision 1, is amended to read:

Subdivision 1. **Determination; payment.** The county auditor shall determine the total current year's deferred amount of property tax under this chapter in the county, and ~~submit report those amounts as part of the abstracts of tax lists submitted by the county auditors under section 275.29 to the commissioner under section 270C.85, subdivision 2, clause (4).~~ The commissioner may make changes ~~in the abstracts of tax lists~~ as deemed necessary. The commissioner of revenue, after such review, shall pay the deferred amount of property tax to each county treasurer on or before August 31.

The county treasurer shall distribute as part of the October settlement the funds received as if they had been collected as a part of the property tax.

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

Sec. 40. Minnesota Statutes 2018, section 469.177, subdivision 1, is amended to read:

Subdivision 1. **Original net tax capacity.** (a) Upon or after adoption of a tax increment financing plan, the auditor of any county in which the district is situated shall, upon request of the authority, certify the original net tax capacity of the tax increment financing district and that portion of the district overlying any subdistrict as described in the tax increment financing plan and shall certify in each year thereafter the amount by which the original net tax capacity has increased or decreased as a result of a change in tax exempt status of property within the district and any subdistrict, reduction or enlargement of the district or changes pursuant to subdivision 4. The auditor shall certify the amount within 30 days after receipt of the request and sufficient information to identify the parcels included in the district. The certification relates to the taxes payable year as provided in subdivision 6.

(b) If the classification under section 273.13 of property located in a district changes to a classification that has a different assessment ratio, the original net tax capacity of that property must be redetermined at the time when its use is changed as if the property had originally been classified in the same class in which it is classified after its use is changed.

(c) The amount to be added to the original net tax capacity of the district as a result of previously tax exempt real property within the district becoming taxable equals the net tax capacity of the real property as most recently assessed pursuant to ~~section 273.18 information reported to the commissioner under section 270C.85, subdivision 2, clause (4),~~ or, if that assessment was made more than one year prior to the date of title transfer rendering the

property taxable, the net tax capacity assessed by the assessor at the time of the transfer. If improvements are made to tax exempt property after the municipality approves the district and before the parcel becomes taxable, the assessor shall, at the request of the authority, separately assess the estimated market value of the improvements. If the property becomes taxable, the county auditor shall add to original net tax capacity, the net tax capacity of the parcel, excluding the separately assessed improvements. If substantial taxable improvements were made to a parcel after certification of the district and if the property later becomes tax exempt, in whole or part, as a result of the authority acquiring the property through foreclosure or exercise of remedies under a lease or other revenue agreement or as a result of tax forfeiture, the amount to be added to the original net tax capacity of the district as a result of the property again becoming taxable is the amount of the parcel's value that was included in original net tax capacity when the parcel was first certified. The amount to be added to the original net tax capacity of the district as a result of enlargements equals the net tax capacity of the added real property as most recently certified by the commissioner of revenue as of the date of modification of the tax increment financing plan pursuant to section 469.175, subdivision 4.

(d) If the net tax capacity of a property increases because the property no longer qualifies under the Minnesota Agricultural Property Tax Law, section 273.111; the Minnesota Open Space Property Tax Law, section 273.112; or the Metropolitan Agricultural Preserves Act, chapter 473H, the Rural Preserve Property Tax Program under section 273.114, or because platted, unimproved property is improved or market value is increased after approval of the plat under section 273.11, subdivision 14a or 14b, the increase in net tax capacity must be added to the original net tax capacity. If the net tax capacity of a property increases because the property no longer qualifies for the homestead market value exclusion under section 273.13, subdivision 35, the increase in net tax capacity must be added to original net tax capacity if the original construction of the affected home was completed before the date the assessor certified the original net tax capacity of the district.

(e) The amount to be subtracted from the original net tax capacity of the district as a result of previously taxable real property within the district becoming tax exempt or qualifying in whole or part for an exclusion from taxable market value, or a reduction in the geographic area of the district, shall be the amount of original net tax capacity initially attributed to the property becoming tax exempt, being excluded from taxable market value, or being removed from the district. If the net tax capacity of property located within the tax increment financing district is reduced by reason of a court-ordered abatement, stipulation agreement, voluntary abatement made by the assessor or auditor or by order of the commissioner of revenue, the reduction shall be applied to the original net tax capacity of the district when the property upon which the abatement is made has not been improved since the date of certification of the district and to the captured net tax capacity of the district in each year thereafter when the abatement relates to improvements made after the date of certification. The county auditor may specify reasonable form and content of the request for certification of the authority and any modification thereof pursuant to section 469.175, subdivision 4.

(f) If a parcel of property contained a substandard building or improvements described in section 469.174, subdivision 10, paragraph (e), that were demolished or removed and if the authority elects to treat the parcel as occupied by a substandard building under section 469.174, subdivision 10, paragraph (b), or by improvements under section 469.174, subdivision 10, paragraph (e), the auditor shall certify the original net tax capacity of the parcel using the greater of (1) the current net tax capacity of the parcel, or (2) the estimated market value of the parcel for the year in which the building or other improvements were demolished or removed, but applying the classification rates for the current year.

(g) For a redevelopment district qualifying under section 469.174, subdivision 10, paragraph (a), clause (4), as a qualified disaster area, the auditor shall certify the value of the land as the original tax capacity for any parcel in the district that contains a building that suffered substantial damage as a result of the disaster or emergency.

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

Sec. 41. Minnesota Statutes 2018, section 473H.08, subdivision 1, is amended to read:

Subdivision 1. **Till expiration started.** Agricultural preserves shall continue until either the landowner or the authority, or a state agency or governmental unit initiates expiration as provided in this section.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to any agricultural preserve where the previously required eight-year termination period under Minnesota Statutes, section 473H.08, has not yet expired.

Sec. 42. Minnesota Statutes 2018, section 473H.08, is amended by adding a subdivision to read:

Subd. 3a. **Expiration for park and trail purposes.** (a) An agricultural preserve expires immediately when a state agency or other governmental unit purchases the property or obtains an easement over the property for the purpose of creating or expanding a public trail or public park. This subdivision applies only to the portion of the agricultural preserve acquired for trail or park purposes, and any portion of the property not acquired for trail or park purposes shall remain an agricultural preserve regardless if the remaining total acreage is below 40 acres.

(b) The acquiring state agency or governmental unit shall give notice to the authority as provided in subdivision 4. The notice must specify the portion of the property being removed from the agricultural preserve and the date on which that portion expires.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to any agricultural preserve where the previously required eight-year termination period under Minnesota Statutes, section 473H.08, has not yet expired.

Sec. 43. Minnesota Statutes 2018, section 473H.08, subdivision 4, is amended to read:

Subd. 4. **Notice to others.** Upon receipt of the notice provided in subdivision 2 or 3a, or upon notice served by the authority as provided in subdivision 3, the authority shall forward the original notice to the county recorder for recording, or to the registrar of titles if the land is registered, and shall notify the county auditor, county assessor, the Metropolitan Council, and the county soil and water conservation district of the date of expiration. Designation as an agricultural preserve and all benefits and limitations accruing through sections 473H.02 to 473H.17 for the preserve shall cease on the date of expiration. The restrictive covenant contained in the application shall terminate on the date of expiration.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to any agricultural preserve where the previously required eight-year termination period under Minnesota Statutes, section 473H.08, has not yet expired.

Sec. 44. Laws 2008, chapter 366, article 5, section 33, the effective date, as amended by Laws 2013, chapter 143, article 4, section 35, is amended to read:

**EFFECTIVE DATE.** This section is effective for taxes levied in 2008, payable in 2009, and is repealed effective for taxes levied in ~~2018~~ 2024, payable in ~~2019~~ 2025, and thereafter.

**EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2020.



Sec. 45. Laws 2009, chapter 88, article 2, section 46, subdivision 1, as amended by Laws 2013, chapter 143, article 4, section 36, is amended to read:

Subdivision 1. **Agreement.** The city of Cloquet and Perch Lake Township, by resolution of each of their governing bodies, may establish the Cloquet Area Fire and Ambulance Special Taxing District for the purpose of providing fire or ambulance services, or both, throughout the district. In this section, "municipality" means home rule charter and statutory cities, towns, and Indian tribes. The district may exercise all the powers relating to fire and ambulance services of the municipalities that receive fire or ambulance services, or both, from the district. Upon application, any other municipality may join the district with the agreement of the municipalities that comprise the district at the time of its application to join.

**EFFECTIVE DATE.** This section is effective upon compliance by the Cloquet Area Fire and Ambulance Special Taxing District Board with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 46. Laws 2009, chapter 88, article 2, section 46, subdivision 2, is amended to read:

Subd. 2. **Board.** The Cloquet Area Fire and Ambulance Special Taxing District Board is governed by a board made up initially of one or more elected officials of the governing body of each participating municipality in the proportions set out in the establishing resolution, subject to change as provided in the district's charter, if any, or in the district's bylaws. Each municipality's representatives serve at the pleasure of that municipality's governing body.

**EFFECTIVE DATE.** This section is effective upon compliance by the Cloquet Area Fire and Ambulance Special Taxing District Board with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 47. Laws 2009, chapter 88, article 2, section 46, subdivision 3, as amended by Laws 2013, chapter 143, article 4, section 37, is amended to read:

Subd. 3. **Tax.** The district board may impose a property tax on taxable property as provided in this subdivision to pay the costs of providing fire or ambulance services, or both, throughout the district. The board shall annually determine the total amount of the levy that is attributable to the cost of providing fire services and the cost of providing ambulance services within the primary service area. For those municipalities that only receive ambulance services, the costs for the provision of ambulance services shall be levied against taxable property within those municipalities at a rate necessary not to exceed 0.019 percent of the estimated market value. For those municipalities that receive both fire and ambulance services, the tax shall be imposed at a rate that does not exceed 0.2835 percent of estimated market value. A property tax levied by the district to make debt service payments for obligations issued by the district pursuant to subdivision 4 shall not be included when calculating the tax levy limits imposed in this subdivision.

When a member municipality opts to receive fire service from the district or an additional municipality becomes a member of the district, the cost of providing fire services to that community shall be determined by the board and added to the maximum levy amount.

Each county auditor of a county that contains a municipality subject to the tax under this section must collect the tax and pay it to the Fire and Ambulance Special Taxing District. The district may also impose other fees or charges as allowed by law for the provision of fire and ambulance services.

**EFFECTIVE DATE.** This section is effective upon compliance by the Cloquet Area Fire and Ambulance Special Taxing District Board with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 48. Laws 2009, chapter 88, article 2, section 46, subdivision 4, is amended to read:

Subd. 4. **Public indebtedness.** The district may incur debt in the manner provided for in Minnesota Statutes, chapter 475, and the district shall be considered a municipality by Minnesota Statutes, chapter 475, when necessary to accomplish its duties, as defined in Minnesota Statutes, sections 475.51, subdivision 2, and 475.521, subdivision 1, paragraph (c), and may issue certificates of indebtedness or capital notes in the manner provided for a city under Minnesota Statutes, section 412.301, when necessary to accomplish its duties. Any tax levied to pay debt of the district shall be levied in the amounts required and in accordance with Minnesota Statutes, section 475.61. The debt service for debt, the proceeds of which financed capital costs for ambulance service, shall be levied against taxable property within those municipalities in the primary service area. The debt service for debt, the proceeds of which financed capital costs for fire service, shall be levied against taxable property within those municipalities receiving fire services.

**EFFECTIVE DATE.** This section is effective upon compliance by the Cloquet Area Fire and Ambulance Special Taxing District Board with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 49. Laws 2009, chapter 88, article 2, section 46, subdivision 5, is amended to read:

Subd. 5. **Withdrawal.** Notice of intent to withdraw from participation in the district may be given only in the month of January, with a minimum of twelve months notice of intent to withdraw. Withdrawal becomes effective for taxes levied pursuant to subdivision 3 in the year when the notice is given. A property tax levied by the district on taxable property located in a withdrawing municipality to make debt service payments for obligations issued by the district pursuant to subdivision 4 shall remain in effect until the obligations outstanding on the date of withdrawal are satisfied, including any property tax levied in connection with a refunding of such obligations. The district and its members may develop and agree upon other continuing obligations after withdrawal of a municipality.

**EFFECTIVE DATE.** This section is effective upon compliance by the Cloquet Area Fire and Ambulance Special Taxing District Board with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 50. Laws 2017, First Special Session chapter 1, article 10, section 4, the effective date, is amended to read:

**EFFECTIVE DATE; APPLICATION.** This section is effective for applications and certifications made in 2018 and thereafter, except the repeal of the exclusion of land under item (iii) is effective retroactively for payments due under Minnesota Statutes, section 290C.08, beginning for payments due to be made in 2014. In order to qualify for retroactive payments, the following requirements must be met: (1) the owner of land exceeding 60,000 acres that is subject to a single conservation easement funded under Minnesota Statutes, section 97A.056 or a comparable permanent easement conveyed to a governmental or nonprofit entity, must submit an application to the commissioner of revenue, in a form and manner and at a time acceptable to the commissioner, establishing that the affected property and its use met the requirement of Minnesota Statutes, chapter 290C, as amended by this section; (2) the owner and each county in which the land is located must certify to the commissioner that no petitions challenging the market value of the property are pending under Minnesota Statutes, chapter 278; and (3) the requirements of clauses (1) and (2) must be satisfied by October 1, 2017. No interest accrues on payment under this section for periods before November 1, 2017.

**EFFECTIVE DATE.** This section is effective retroactively for certifications made in 2018 and thereafter.

Sec. 51. **VALUATION METHOD OF STATE-ASSESSED PROPERTY; REPORT.**

Subdivision 1. **Report.** (a) The commissioner of revenue must prepare a report on the valuation of certain state-assessed property as described in Minnesota Statutes, sections 273.33, 273.35, 273.36, 273.37, and 273.3711. The report must include the following information:

(1) a detailed description of administrative appeals and tax court petitions filed since 2012, containing the following information:

(i) the basis for each appeal and petition;

(ii) the current stage in the process of each appeal and petition, and if it is resolved, whether it was resolved by an agreement, dismissal, settlement, or judgment;

(iii) the final valuation and extent to which the market value was increased or reduced under an agreement, settlement, or judgment from an appeal or petition, and if an appeal or petition has not yet reached the final disposition, the report must state the commissioner's or tax court's valuation amounts as of its current stage in the process, whichever is most recent;

(iv) detail regarding the amount of the commissioner's most recent valuation compared to the taxpayer's opinion of valuation for appeals and petitions that have not yet resulted in a final disposition, if available at its current stage of litigation;

(v) detail regarding the amount of refund paid by each affected taxing local jurisdiction if the final disposition resulted in the lowering of market value; and

(vi) detail regarding the potential refund to be paid by each affected local taxing jurisdiction for appeals and petitions that have not yet resulted in a final disposition, as if the final disposition were to result in a finding of market value equal to the taxpayer's opinion of market value;

(2) an overview of the administrative appeal process, specifically explaining the criteria used by the commissioner to determine an increase or reduction of the original valuation;

(3) a detailed description of the process by which the commissioner determines preliminary and final valuation orders, including an examination of the form and contents of each order, as well as a description of the time frame for issuing each order in relation to affected local taxing jurisdictions' levy and budget process and options for issuing these valuation orders earlier than current practice; and

(4) a detailed comparison of the methodology used by the commissioner to administer Rule 8100 to methods used to value utility and pipeline property by other states, including but not limited to two neighboring states and three non-neighboring states.

Subd. 2. **Report deadline.** The commissioner must provide a copy of the report to the chairs and ranking minority members of the legislative committees with jurisdiction over property taxation by February 1, 2020.

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

Sec. 52. **4D AFFORDABLE HOUSING PROGRAMS REPORT.**

No later than January 15, 2020, the commissioner of revenue, in consultation with Minnesota Housing Finance Agency and the Department of Human Services, must produce a report on class 4d property, as defined in Minnesota Statutes, section 273.13, subdivision 25, and local 4d affordable housing programs. The commissioner must provide a copy of the report to the chairs and ranking minority members of the legislative committees with jurisdiction over property taxation. The report must include the following:

(1) for properties classified in part or in whole as 4d qualifying under Minnesota Statutes, section 273.128, subdivision 1, clauses (1) to (4), with separate amounts given for properties under each clause:

(i) the number of units classified as 4d in each property in the previous assessment year;

(ii) the number of units not classified as 4d in each property in the previous assessment year;

(iii) the property tax paid in 2019;

(iv) the property tax reduction in 2019 resulting from 4d classification;

(v) the average household income, as a percent, of the area median income, for residents of 4d units; and

(vi) the total number of units that qualified for 4d in each of the last ten assessment years;

(2) a profile of income limits and area median incomes used in Minnesota by the United States Department of Housing and Urban Development to determine eligibility for assisted housing programs; and

(3) for each municipality containing 4d property, an analysis of the amount of tax that would be shifted onto other property types if all 4d property had a classification rate of 0.25 percent under Minnesota Statutes, section 273.13, subdivision 25.

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

Sec. 53. **SPECIAL REFUND PROVISION; DISABLED VETERANS HOMESTEAD EXCLUSION.**

A veteran who received a disability rating of 70 percent or more in 2016 or 2017 but did not receive the disabled veterans homestead exclusion for assessment year 2016 or 2017 may apply for a refund of taxes paid in 2017 or 2018 if the veteran would have qualified for the benefit in Minnesota Statutes, section 273.13, subdivision 34, paragraph (b), in one or both of those years. To qualify for a refund, a property owner must apply to the assessor by December 15, 2019, and must have paid all tax due in 2017 and 2018. After verifying that the applicant qualified for an exclusion for taxes payable in either or both of those years, the county assessor must notify the county auditor, and the auditor must recalculate the taxes on the property for taxes payable in 2017 and 2018 based on the exclusion the applicant was qualified for. The county treasurer must then issue a refund of tax paid in 2017 and 2018 equal to the difference between the taxes as initially calculated for each taxes payable year and the taxes based on the value remaining after the exclusion.

**EFFECTIVE DATE.** This section is effective for refund applications received in 2019, for refunds of tax paid in 2017 and 2018.

Sec. 54. **REPEALER.**

Minnesota Statutes 2018, section 275.29, is repealed.

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

Amend the title accordingly

O'Neill moved to amend the Petersburg amendment to H. F. No. 2125, the second engrossment, as amended, as follows:

Page 55, after line 18, insert:

"Sec. 74. **GENERAL FUND APPROPRIATIONS; REDUCTION.**

(a) Notwithstanding Minnesota Statutes, section 16A.152, subdivision 4, during the biennium for which the commissioner's required certification is made under paragraph (b), the commissioner of management and budget must reduce total general fund appropriations across all executive branch state agencies. The total amount of the reduction is equal to the amount certified. Appropriations that provide funding for client-facing health care workers, corrections officers, public safety workers, mental health workers, and state cybersecurity systems may not be reduced under this paragraph.

(b) Within 60 days of an adverse final determination, the commissioner of revenue must determine whether an adverse final determination will result in a reduction in general fund revenue due to the payment of refunds or reduced collections for the biennium ending after the 60-day period and certify to the commissioner of management and budget the amount of the estimated reduction, if any.

(c) The commissioner of management and budget, in consultation with the commissioner of administration, may authorize an executive branch agency to exceed the expenditure restriction provided by this section if additional appropriated funds are required to respond to an emergency.

(d) For purposes of this section:

(1) "adverse final determination" means the final determination of a lawsuit that results in the invalidation of all or a portion of any state law that imposes a tax on deferred foreign income or global intangible low-taxed income, or on a controlled foreign corporation that generates global intangible low-taxed income for a United States shareholder of that corporation, by reason that the state tax is not allowed under the United States Constitution;

(2) "controlled foreign corporation" has the meaning given under section 957 of the Internal Revenue Code;

(3) "deferred foreign income" means the income of a domestic corporation that is included in net income under section 965 of the Internal Revenue Code;

(4) "emergency" has the meaning given in Minnesota Statutes, section 16C.02, subdivision 6b;

(5) "executive branch state agency" has the meaning given in Minnesota Statutes, section 16A.011, subdivision 12a, and includes the Minnesota State Colleges and Universities;

(6) "final determination" means that a final judgement is entered, and all rights to appeal have been exhausted;

(7) "global intangible low-taxed income" has the meaning given in section 951A of the Internal Revenue Code; and

(8) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 2018.

**EFFECTIVE DATE.** This section is effective for final determinations made on or after the day following final enactment."

Renumber the sections in sequence and correct internal references

A roll call was requested and properly seconded.

The question was taken on the O'Neill amendment to the Petersburg amendment and the roll was called. There were 54 yeas and 75 nays as follows:

Those who voted in the affirmative were:

Albright	Dettmer	Gunther	Kresha	Nelson, N.	Robbins
Anderson	Drazkowski	Haley	Layman	Neu	Runbeck
Bahr	Erickson	Heinrich	Lucero	Nornes	Schomacker
Baker	Fabian	Heintzeman	Lueck	O'Driscoll	Scott
Bennett	Franson	Hertaus	McDonald	O'Neill	Theis
Boe	Garofalo	Johnson	Mekeland	Petersburg	Torkelson
Daniels	Green	Jurgens	Miller	Pierson	Urdahl
Daudt	Grossell	Kiel	Munson	Poston	Vogel
Davids	Gruenhagen	Koznick	Nash	Quam	Zerwas

Those who voted in the negative were:

Acomb	Dehn	Howard	Loeffler	Olson	Tabke
Bahner	Ecklund	Huot	Long	Pelowski	Vang
Becker-Finn	Edelson	Klevorn	Mahoney	Persell	Wagenius
Bernardy	Elkins	Koegel	Mann	Pinto	Wazlawik
Bierman	Fischer	Kotyza-Witthuhn	Mariani	Poppe	Winkler
Brand	Freiberg	Kunesh-Podein	Marquart	Pryor	Wolgamott
Cantrell	Gomez	Lee	Masin	Richardson	Xiong, J.
Carlson, A.	Halverson	Lesch	Moller	Sandell	Xiong, T.
Carlson, L.	Hansen	Liebling	Moran	Sandstede	Youakim
Christensen	Hassan	Lien	Morrison	Sauke	Spk. Hortman
Clafin	Hausman	Lillie	Murphy	Schultz	
Considine	Her	Lippert	Nelson, M.	Stephenson	
Davnie	Hornstein	Lislegard	Noor	Sundin	

The motion did not prevail and the amendment to the amendment was not adopted.

O'Neill moved to amend the Petersburg amendment to H. F. No. 2125, the second engrossment, as amended, as follows:

Page 90, after line 8, insert:

"Sec. 35. **[275.045] STATE GENERAL TAX REFUND.**

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

(b) "Adjusted domestic tax" is the amount of tax computed under section 290.06, subdivision 1, notwithstanding the provisions of section 290.17, subdivisions 4a, 4b, and 4c.

(c) "Adjustment percentage" means the pro rata share of state general tax paid by a qualifying property relative to the total amount of state general tax paid by all qualifying property owned by the same property owner.

(d) "Qualifying property" means property that is:

(1) owned by a corporation that is subject to tax under section 290.06, subdivision 1;

(2) classified as class 3 or class 5(1) under section 273.13; and

(3) subject to the state general tax under section 275.025.

Subd. 2. **Refund.** Qualifying property is eligible for a state general tax refund equal to the difference, if any, between the amount of the property owner's tax computed under section 290.06, subdivision 1, and the property owner's adjusted domestic tax, as computed for the same taxable year, multiplied by the property owner's adjustment percentage. The refund must be applied to the state general tax due in the taxes payable year that corresponds to the taxable year for which the refund amount is calculated under this subdivision. The refund must not exceed the tax due under section 275.025 on qualifying property in the taxes payable year for which the refund is sought. If the refund does exceed the tax due, the amount of the refund that exceeds the tax due on that property may be applied to other qualifying property owned by the same property owner, provided that no refund on any qualifying property may exceed the tax due on that property under section 275.025.

Subd. 3. **Proof of claim.** (a) Every claimant must provide to the commissioner of revenue proof of eligibility under this section. The commissioner may determine the form and manner of filing claims and may also make available forms with instructions for claimants as the commissioner deems necessary for the proper administration of this section.

(b) A claimant seeking a refund under this section must file a claim for refund by the date prescribed in Minnesota Statutes, section 289A.40, for the return corresponding to the taxable year for which the refund amount is calculated under subdivision 2.

Subd. 4. **Authority.** Allowable claims filed under the provisions of this section must be paid by the commissioner of revenue from the general fund. Claims must be paid within 60 days of receipt of the claim, or on July 1, whichever is later.

Subd. 5. **Appropriation.** There is appropriated from the general fund in the state treasury to the commissioner of revenue the amount necessary to make the refund payments required by this section.

**EFFECTIVE DATE.** This section is effective beginning with claims filed for property taxes paid in 2020 and thereafter."

Renumber the sections in sequence and correct the internal references

A roll call was requested and properly seconded.

The question was taken on the O'Neill amendment to the Petersburg amendment and the roll was called. There were 54 yeas and 75 nays as follows:

Those who voted in the affirmative were:

Albright	Dettmer	Gunther	Kresha	Nelson, N.	Robbins
Anderson	Drazkowski	Haley	Layman	Neu	Runbeck
Bahr	Erickson	Heinrich	Lucero	Nornes	Schomacker
Baker	Fabian	Heintzeman	Lueck	O'Driscoll	Scott
Bennett	Franson	Hertaus	McDonald	O'Neill	Theis
Boe	Garofalo	Johnson	Mekeland	Petersburg	Torkelson
Daniels	Green	Jurgens	Miller	Pierson	Urdahl
Daudt	Grossell	Kiel	Munson	Poston	Vogel
Davids	Gruenhagen	Koznick	Nash	Quam	Zerwas

Those who voted in the negative were:

Acomb	Dehn	Howard	Loeffler	Olson	Tabke
Bahner	Ecklund	Huot	Long	Pelowski	Vang
Becker-Finn	Edelson	Klevorn	Mahoney	Persell	Wagenius
Bernardy	Elkins	Koegel	Mann	Pinto	Wazlawik
Bierman	Fischer	Kotyza-Witthuhn	Mariani	Poppe	Winkler
Brand	Freiberg	Kunesh-Podein	Marquart	Pryor	Wolgamott
Cantrell	Gomez	Lee	Masin	Richardson	Xiong, J.
Carlson, A.	Halverson	Lesch	Moller	Sandell	Xiong, T.
Carlson, L.	Hansen	Liebling	Moran	Sandstede	Youakim
Christensen	Hassan	Lien	Morrison	Sauke	Spk. Hortman
Clafin	Hausman	Lillie	Murphy	Schultz	
Considine	Her	Lippert	Nelson, M.	Stephenson	
Davnie	Hornstein	Lislegard	Noor	Sundin	

The motion did not prevail and the amendment to the amendment was not adopted.

Petersburg withdrew his amendment to H. F. No. 2125, the second engrossment, as amended.

Neu moved to amend H. F. No. 2125, the second engrossment, as amended, as follows:

Page 58, delete article 2 and insert:

"ARTICLE 2  
INDIVIDUAL INCOME, CORPORATE FRANCHISE, AND ESTATE TAXES

Section 1. Minnesota Statutes 2018, section 116J.8737, subdivision 1, is amended to read:

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

(b) "Qualified small business" means a business that has been certified by the commissioner under subdivision 2.

(c) "Qualified investor" means an investor who has been certified by the commissioner under subdivision 3.

(d) "Qualified fund" means a pooled angel investment network fund that has been certified by the commissioner under subdivision 4.

(e) "Qualified investment" means a cash investment in a qualified small business of a minimum of:

(1) \$10,000 in a calendar year by a qualified investor; ~~or~~

(2) \$7,500 in a calendar year by a qualified investor in qualified greater Minnesota businesses or minority- or women-owned businesses in Minnesota; or

~~(2)~~ (3) \$30,000 in a calendar year by a qualified fund.



A qualified investment must be made in exchange for common stock, a partnership or membership interest, preferred stock, debt with mandatory conversion to equity, or an equivalent ownership interest as determined by the commissioner.

(f) "Family" means a family member within the meaning of the Internal Revenue Code, section 267(c)(4).

(g) "Pass-through entity" means a corporation that for the applicable taxable year is treated as an S corporation or a general partnership, limited partnership, limited liability partnership, trust, or limited liability company and which for the applicable taxable year is not taxed as a corporation under chapter 290.

(h) "Intern" means a student of an accredited institution of higher education, or a former student who has graduated in the past six months from an accredited institution of higher education, who is employed by a qualified small business in a nonpermanent position for a duration of nine months or less that provides training and experience in the primary business activity of the business.

(i) "Liquidation event" means a conversion of qualified investment for cash, cash and other consideration, or any other form of equity or debt interest.

(j) "Qualified greater Minnesota business" means a qualified small business that is also certified by the commissioner as a qualified greater Minnesota business under subdivision 2, paragraph (h).

(k) "Minority group member" means a United States citizen who is Asian, Pacific Islander, Black, Hispanic, or Native American.

(l) "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.

(m) "Women" means persons of the female gender.

(n) "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.

(o) "Officer" means a person elected or appointed by the board of directors to manage the daily operations of the qualified small business.

(p) "Principal" means a person having authority to act on behalf of the qualified small business.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 2. Minnesota Statutes 2018, section 116J.8737, subdivision 2, is amended to read:

Subd. 2. **Certification of qualified small businesses.** (a) Businesses may apply to the commissioner for certification as a qualified small business or qualified greater Minnesota small business for a calendar year. The application must be in the form and be made under the procedures specified by the commissioner, accompanied by

an application fee of \$150. Application fees are deposited in the small business investment tax credit administration account in the special revenue fund. ~~The application for certification for 2010 must be made available on the department's website by August 1, 2010.~~ Applications for subsequent years' certification must be made available on the department's website by November 1 of the preceding year.

(b) Within 30 days of receiving an application for certification under this subdivision, the commissioner must either certify the business as satisfying the conditions required of a qualified small business or qualified greater Minnesota small business, request additional information from the business, or reject the application for certification. If the commissioner requests additional information from the business, the commissioner must either certify the business or reject the application within 30 days of receiving the additional information. If the commissioner neither certifies the business nor rejects the application within 30 days of receiving the original application or within 30 days of receiving the additional information requested, whichever is later, then the application is deemed rejected, and the commissioner must refund the \$150 application fee. A business that applies for certification and is rejected may reapply.

(c) To receive certification as a qualified small business, a business must satisfy all of the following conditions:

(1) the business has its headquarters in Minnesota;

(2) at least: (i) 51 percent of the business's employees are employed in Minnesota; (ii) 51 percent of the business's total payroll is paid or incurred in the state; and (iii) 51 percent of the total value of all contractual agreements to which the business is a party in connection with its primary business activity is for services performed under contract in Minnesota, unless the business obtains a waiver under paragraph (i);

(3) the business is engaged in, or is committed to engage in, innovation in Minnesota in one of the following as its primary business activity:

(i) using proprietary technology to add value to a product, process, or service in a qualified high-technology field;

(ii) researching or developing a proprietary product, process, or service in a qualified high-technology field;

(iii) researching or developing a proprietary product, process, or service in the fields of agriculture, tourism, forestry, mining, manufacturing, or transportation; or

(iv) researching, developing, or producing a new proprietary technology for use in the fields of agriculture, tourism, forestry, mining, manufacturing, or transportation;

(4) other than the activities specifically listed in clause (3), the business is not engaged in real estate development, insurance, banking, lending, lobbying, political consulting, information technology consulting, wholesale or retail trade, leisure, hospitality, transportation, construction, ethanol production from corn, or professional services provided by attorneys, accountants, business consultants, physicians, or health care consultants;

(5) the business has fewer than 25 employees;

(6) the business must pay its employees annual wages of at least 175 percent of the federal poverty guideline for the year for a family of four and must pay its interns annual wages of at least 175 percent of the federal minimum wage used for federally covered employers, except that this requirement must be reduced proportionately for employees and interns who work less than full-time, and does not apply to an executive, officer, or member of the board of the business, or to any employee who owns, controls, or holds power to vote more than 20 percent of the outstanding securities of the business;

(7) the business has (i) not been in operation for more than ten years, or (ii) not been in operation for more than 20 years if the business is engaged in the research, development, or production of medical devices or pharmaceuticals for which United States Food and Drug Administration approval is required for use in the treatment or diagnosis of a disease or condition;

(8) the business has not previously received private equity investments of more than \$4,000,000;

(9) the business is not an entity disqualified under section 80A.50, paragraph (b), clause (3); and

(10) the business has not issued securities that are traded on a public exchange.

(d) In applying the limit under paragraph (c), clause (5), the employees in all members of the unitary business, as defined in section 290.17, subdivision 4, must be included.

(e) In order for a qualified investment in a business to be eligible for tax credits:

(1) the business must have applied for and received certification for the calendar year in which the investment was made prior to the date on which the qualified investment was made;

(2) the business must not have issued securities that are traded on a public exchange;

(3) the business must not issue securities that are traded on a public exchange within 180 days after the date on which the qualified investment was made; and

(4) the business must not have a liquidation event within 180 days after the date on which the qualified investment was made.

(f) The commissioner must maintain a list of qualified small businesses and qualified greater Minnesota businesses certified under this subdivision for the calendar year and make the list accessible to the public on the department's website.

(g) For purposes of this subdivision, the following terms have the meanings given:

(1) "qualified high-technology field" 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;

(2) "proprietary technology" means the technical innovations that are unique and legally owned or licensed by a business and includes, without limitation, those innovations that are patented, patent pending, a subject of trade secrets, or copyrighted; and

(3) "greater Minnesota" means the area of Minnesota located outside of the metropolitan area as defined in section 473.121, subdivision 2.

(h) To receive certification as a qualified greater Minnesota business, a business must satisfy all of the requirements of paragraph (c) and must satisfy the following conditions:

(1) the business has its headquarters in greater Minnesota; and

(2) at least: (i) 51 percent of the business's employees are employed in greater Minnesota; (ii) 51 percent of the business's total payroll is paid or incurred in greater Minnesota; and (iii) 51 percent of the total value of all contractual agreements to which the business is a party in connection with its primary business activity is for services performed under contract in greater Minnesota, unless the business obtains a waiver under paragraph (i).

(i) The commissioner must exempt a business from the requirement under paragraph (c), clause (2), item (iii), if the business certifies to the commissioner that the services required under a contract in connection with the primary business activity cannot be performed in Minnesota if the business otherwise qualifies as a qualified small business, or in greater Minnesota if the business otherwise qualifies as a qualified greater Minnesota business. The business must submit the certification required under this paragraph every six months from the month the exemption was granted. The exemption allowed under this paragraph must be submitted in a form and manner prescribed by the commissioner.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 3. Minnesota Statutes 2018, section 116J.8737, subdivision 3, is amended to read:

Subd. 3. **Certification of qualified investors.** (a) Investors may apply to the commissioner for certification as a qualified investor for a taxable year. The application must be in the form and be made under the procedures specified by the commissioner, accompanied by an application fee of \$350. Application fees are deposited in the small business investment tax credit administration account in the special revenue fund. ~~The application for certification for 2010 must be made available on the department's website by August 1, 2010.~~ Applications for ~~subsequent years'~~ certification must be made available on the department's website by November 1 of the preceding year.

(b) Within 30 days of receiving an application for certification under this subdivision, the commissioner must either certify the investor as satisfying the conditions required of a qualified investor, request additional information from the investor, or reject the application for certification. If the commissioner requests additional information from the investor, the commissioner must either certify the investor or reject the application within 30 days of receiving the additional information. If the commissioner neither certifies the investor nor rejects the application within 30 days of receiving the original application or within 30 days of receiving the additional information requested, whichever is later, then the application is deemed rejected, and the commissioner must refund the \$350 application fee. An investor who applies for certification and is rejected may reapply.

(c) To receive certification, an investor must (1) be a natural person; and (2) certify to the commissioner that the investor will only invest in a transaction that is exempt under section 80A.46, clause (13) or (14), in a security exempt under section 80A.461, or in a security registered under section 80A.50, paragraph (b).

(d) In order for a qualified investment in a qualified small business to be eligible for tax credits, a qualified investor who makes the investment must have applied for and received certification for the calendar year prior to making the qualified investment, except in the case of an investor who is not an accredited investor, within the meaning of Regulation D of the Securities and Exchange Commission, Code of Federal Regulations, title 17, section 230.501, paragraph (a), application for certification may be made within 30 days after making the qualified investment.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 4. Minnesota Statutes 2018, section 116J.8737, subdivision 4, is amended to read:

Subd. 4. **Certification of qualified funds.** (a) A pass-through entity may apply to the commissioner for certification as a qualified fund for a calendar year. The application must be in the form and be made under the procedures specified by the commissioner, accompanied by an application fee of \$1,000. Application fees are

deposited in the small business investment tax credit administration account in the special revenue fund. ~~The application for certification for 2010 of qualified funds must be made available on the department's website by August 1, 2010.~~ Applications for ~~subsequent years'~~ certification must be made available by November 1 of the preceding year.

(b) Within 30 days of receiving an application for certification under this subdivision, the commissioner must either certify the fund as satisfying the conditions required of a qualified fund, request additional information from the fund, or reject the application for certification. If the commissioner requests additional information from the fund, the commissioner must either certify the fund or reject the application within 30 days of receiving the additional information. If the commissioner neither certifies the fund nor rejects the application within 30 days of receiving the original application or within 30 days of receiving the additional information requested, whichever is later, then the application is deemed rejected, and the commissioner must refund the \$1,000 application fee. A fund that applies for certification and is rejected may reapply.

(c) To receive certification, a fund must:

(1) invest or intend to invest in qualified small businesses;

(2) be organized as a pass-through entity; and

(3) have at least three separate investors, of whom at least three whose investment is made in the certified business and who seek a tax credit allocation satisfy the conditions in subdivision 3, paragraph (c).

(d) Investments in the fund may consist of equity investments or notes that pay interest or other fixed amounts, or any combination of both.

(e) In order for a qualified investment in a qualified small business to be eligible for tax credits, a qualified fund that makes the investment must have applied for and received certification for the calendar year prior to making the qualified investment.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 5. Minnesota Statutes 2018, section 116J.8737, subdivision 5, is amended to read:

Subd. 5. **Credit allowed.** (a)~~(1)~~ A qualified investor or qualified fund is eligible for a credit equal to 25 percent of the qualified investment in a qualified small business. Investments made by a pass-through entity qualify for a credit only if the entity is a qualified fund. The commissioner must not allocate more than ~~\$15,000,000~~ \$10,000,000 in credits to qualified investors or qualified funds for taxable years beginning after December 31, ~~2013, and before January 1, 2017, and must not allocate more than \$10,000,000 in credits to qualified investors or qualified funds for taxable years beginning after December 31, 2016, and before January 1, 2018;~~ and ~~(2) for taxable years beginning after December 31, 2014, and before January 1, 2018, and before January 1, 2021.~~ For each taxable year, 50 percent must be allocated to credits for qualifying investments in qualified greater Minnesota businesses and minority- or women-owned qualified small businesses in Minnesota. Any portion of a taxable year's credits that is reserved for qualifying investments in greater Minnesota businesses and minority- or women-owned qualified small businesses in Minnesota that is not allocated by September 30 of the taxable year is available for allocation to other credit applications beginning on October 1. Any portion of a taxable year's credits that is not allocated by the commissioner does not cancel and may be carried forward to subsequent taxable years until all credits have been allocated.

(b) The commissioner may not allocate more than a total maximum amount in credits for a taxable year to a qualified investor for the investor's cumulative qualified investments as an individual qualified investor and as an investor in a qualified fund; for married couples filing joint returns the maximum is \$250,000, and for all other filers the maximum is \$125,000. The commissioner may not allocate more than a total of \$1,000,000 in credits over all taxable years for qualified investments in any one qualified small business.

(c) The commissioner may not allocate a credit to a qualified investor either as an individual qualified investor or as an investor in a qualified fund if, at the time the investment is proposed:

(1) the investor is an officer or principal of the qualified small business; or

(2) the investor, either individually or in combination with one or more members of the investor's family, owns, controls, or holds the power to vote 20 percent or more of the outstanding securities of the qualified small business.

A member of the family of an individual disqualified by this paragraph is not eligible for a credit under this section. For a married couple filing a joint return, the limitations in this paragraph apply collectively to the investor and spouse. For purposes of determining the ownership interest of an investor under this paragraph, the rules under section 267(c) and 267(e) of the Internal Revenue Code apply.

(d) Applications for tax credits for 2010 must be made available on the department's website by September 1, 2010, and the department must begin accepting applications by September 1, 2010. Applications for subsequent years must be made available by November 1 of the preceding year.

(e) Qualified investors and qualified funds must apply to the commissioner for tax credits. Tax credits must be allocated to qualified investors or qualified funds in the order that the tax credit request applications are filed with the department. The commissioner must approve or reject tax credit request applications within 15 days of receiving the application. The investment specified in the application must be made within 60 days of the allocation of the credits. If the investment is not made within 60 days, the credit allocation is canceled and available for reallocation. A qualified investor or qualified fund that fails to invest as specified in the application, within 60 days of allocation of the credits, must notify the commissioner of the failure to invest within five business days of the expiration of the 60-day investment period.

(f) All tax credit request applications filed with the department on the same day must be treated as having been filed contemporaneously. If two or more qualified investors or qualified funds file tax credit request applications on the same day, and the aggregate amount of credit allocation claims exceeds the aggregate limit of credits under this section or the lesser amount of credits that remain unallocated on that day, then the credits must be allocated among the qualified investors or qualified funds who filed on that day on a pro rata basis with respect to the amounts claimed. The pro rata allocation for any one qualified investor or qualified fund is the product obtained by multiplying a fraction, the numerator of which is the amount of the credit allocation claim filed on behalf of a qualified investor and the denominator of which is the total of all credit allocation claims filed on behalf of all applicants on that day, by the amount of credits that remain unallocated on that day for the taxable year.

(g) A qualified investor or qualified fund, or a qualified small business acting on their behalf, must notify the commissioner when an investment for which credits were allocated has been made, and the taxable year in which the investment was made. A qualified fund must also provide the commissioner with a statement indicating the amount invested by each investor in the qualified fund based on each investor's share of the assets of the qualified fund at the time of the qualified investment. After receiving notification that the investment was made, the commissioner must issue credit certificates for the taxable year in which the investment was made to the qualified investor or, for an investment made by a qualified fund, to each qualified investor who is an investor in the fund. The certificate must state that the credit is subject to revocation if the qualified investor or qualified fund does not hold the investment in the qualified small business for at least three years, consisting of the calendar year in which the investment was made and the two following years. The three-year holding period does not apply if:

- (1) the investment by the qualified investor or qualified fund becomes worthless before the end of the three-year period;
- (2) 80 percent or more of the assets of the qualified small business is sold before the end of the three-year period;
- (3) the qualified small business is sold before the end of the three-year period;
- (4) the qualified small business's common stock begins trading on a public exchange before the end of the three-year period; or
- (5) the qualified investor dies before the end of the three-year period.
- (h) The commissioner must notify the commissioner of revenue of credit certificates issued under this section.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 6. Minnesota Statutes 2018, section 116J.8737, subdivision 6, is amended to read:

Subd. 6. **Annual reports.** (a) By February 1 of each year each qualified small business that received an investment that qualified for a credit, and each qualified investor and qualified fund that made an investment that qualified for a credit, must submit an annual report to the commissioner and pay a filing fee of \$100 as required under this subdivision. Each qualified investor and qualified fund must submit reports for three years following each year in which it made an investment that qualified for a credit, and each qualified small business must submit reports for five years following the year in which it received an investment qualifying for a credit. Reports must be made in the form required by the commissioner. All filing fees collected are deposited in the small business investment tax credit administration account in the special revenue fund.

(b) A report from a qualified small business must certify that the business satisfies the following requirements:

- (1) the business has its headquarters in Minnesota;
- (2) at least 51 percent of the business's employees are employed in Minnesota, and 51 percent of the business's total payroll is paid or incurred in the state;
- (3) that the business is engaged in, or is committed to engage in, innovation in Minnesota as defined under subdivision 2; and
- (4) that the business meets the payroll requirements in subdivision 2, paragraph (c), clause (6).

(c) Reports from qualified investors must certify that the investor remains invested in the qualified small business as required by subdivision 5, paragraph (g).

(d) Reports from qualified funds must certify that the fund remains invested in the qualified small business as required by subdivision 5, paragraph (g).

(e) A qualified small business that ceases all operations and becomes insolvent must file a final annual report in the form required by the commissioner documenting its insolvency. In following years the business is exempt from the annual reporting requirement, the report filing fee, and the fine for failure to file a report.

(f) A qualified small business, qualified investor, or qualified fund that fails to file an annual report by February 1 as required under this subdivision is subject to a ~~\$500~~ \$100 fine.

(g) A qualified investor or qualified fund that fails to file an annual report by April 1 may, at the commissioner's discretion, have any credit allocated and certified to the investor or fund revoked and such credit must be repaid by the investor.

(h) A qualified business that fails to file an annual report by April 1 may, at the commissioner's discretion, be subject to the credit repayment provisions in subdivision 7, paragraph (b).

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 7. Minnesota Statutes 2018, section 116J.8737, subdivision 12, is amended to read:

Subd. 12. **Sunset.** This section expires for taxable years beginning after December 31, ~~2017~~ 2020, except that reporting requirements under subdivision 6 and revocation of credits under subdivision 7 remain in effect through ~~2019~~ 2022 for qualified investors and qualified funds, and through ~~2024~~ 2024 for qualified small businesses, reporting requirements under subdivision 9 remain in effect through ~~2022~~ 2020, and the appropriation in subdivision 11 remains in effect through ~~2024~~ 2024.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 8. Minnesota Statutes 2018, section 270C.13, subdivision 2, is amended to read:

Subd. 2. **Bill analyses.** At the request of the chair or ranking minority member of the house of representatives Tax Committee or the senate Committee on Taxes and Tax Laws, the commissioner shall prepare an incidence impact analysis of a bill or a proposal to change the tax system which increases, decreases, or redistributes taxes by more than \$20,000,000. To the extent data is available on the changes in the distribution of the tax burden that are affected by the bill or proposal, the analysis shall report on the incidence effects that would result if the bill were enacted. The report may present information using systemwide measures, such as Suits or other similar indexes, by income classes, taxpayer characteristics, or other relevant categories. The report may include analyses of the effect of the bill or proposal on representative taxpayers. The analysis must include a statement of the incidence assumptions that were used in computing the burdens. For purposes of this subdivision, "ranking minority member" means the ranking minority member from the largest minority party in the body.

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

Sec. 9. Minnesota Statutes 2018, section 289A.10, subdivision 1, is amended to read:

Subdivision 1. **Return required.** (a) In the case of a decedent who has an interest in property with a situs in Minnesota, the personal representative must submit a Minnesota estate tax return to the commissioner, on a form prescribed by the commissioner, if:

(1) a federal estate tax return is required to be filed; or

(2) the sum of the federal gross estate and federal adjusted taxable gifts, as defined in section 2001(b) of the Internal Revenue Code, made within three years of the date of the decedent's death exceeds ~~\$1,200,000 for estates of decedents dying in 2014; \$1,400,000 for estates of decedents dying in 2015; \$1,600,000 for estates of decedents dying in 2016; \$2,100,000 for estates of decedents dying in 2017; \$2,400,000 for estates of decedents dying in 2018; and \$2,700,000 for estates of decedents dying in 2019; and \$3,000,000 for estates of decedents dying in 2020 and thereafter.~~

(b) The return must contain a computation of the Minnesota estate tax due. The return must be signed by the personal representative.

**EFFECTIVE DATE.** This section is effective retroactively for estates of decedents dying in 2019 and thereafter.



Sec. 10. Minnesota Statutes 2018, section 290.01, subdivision 4a, is amended to read:

Subd. 4a. **Financial institution.** (a) "Financial institution" means:

(1) any corporation or other business entity registered (i) under state law as a bank holding company; (ii) under the federal Bank Holding Company Act of 1956, as amended; or (iii) as a savings and loan holding company under the federal National Housing Act, as amended;

(2) a national bank organized and existing as a national bank association pursuant to the provisions of United States Code, title 12, chapter 2;

(3) a savings association or federal savings bank as defined in United States Code, title 12, section 1813(b)(1);

(4) any bank or thrift institution incorporated or organized under the laws of any state;

(5) any corporation organized under United States Code, title 12, sections 611 to 631;

(6) any agency or branch of a foreign depository as defined under United States Code, title 12, section 3101;

(7) any corporation or other business entity that is more than 50 percent owned, directly or indirectly, by any person or business entity described in clauses (1) to (6), other than an insurance company taxable under chapter 297I;

(8) a corporation or other business entity that derives more than 50 percent of its total gross income for financial accounting purposes from finance leases. For the purposes of this clause, "gross income" means the average from the current tax year and immediately preceding two years and excludes gross income from incidental or occasional transactions. For purposes of this clause, "finance lease" means any lease transaction that is the functional equivalent of an extension of credit and that transfers substantially all the benefits and risks incident to the ownership of property, including any direct financing lease or leverage lease that meets the criteria of Financial Accounting Standards Board Statement No. 13, accounting for leases, or any other lease that is accounted for as financing by a lessor under generally accepted accounting principles; or

(9) any other person or business entity, other than an insurance company ~~taxable under chapter 297I~~, that derives more than 50 percent of its gross income from activities that an entity described in clauses (2) to (6) or (8) is authorized to transact. For the purposes of this clause, gross income does not include income from nonrecurring, extraordinary items.

(b) The commissioner is authorized to exclude any person from the application of paragraph (a), clause (9), if the person proves by clear and convincing evidence that the person's income-producing activity is not in substantial competition with any person described in paragraph (a), clauses (2) to (6) or (8).

**EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning after December 31, 2016.

Sec. 11. Minnesota Statutes 2018, section 290.01, is amended by adding a subdivision to read:

Subd. 5c. **Disqualified captive insurance company.** (a) "Captive insurance company" means a company that:

(1) is licensed as a captive insurance company under the laws of any state or foreign country; or

(2) derives less than 50 percent of its total premiums for the taxable year from sources outside of the unitary business, as that term is used in section 290.17.

(b) A captive insurance company is a "disqualified captive insurance company" if the company:

(1) pays less than 0.5 percent of its total premiums for the taxable year in tax under chapter 297I or a comparable tax of another state; or

(2) receives less than 50 percent of its gross receipts for the taxable year from premiums.

(c) For purposes of this subdivision, "premiums" means amounts paid for arrangements that constitute insurance for federal income tax purposes, but excludes return premiums, premiums for reinsurance assumed from other insurance companies, and any other premiums that are or would be exempt from taxation under section 297I.05 as a result of their type or character, if the insurance was for business in Minnesota.

**EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning after December 31, 2016.

Sec. 12. Minnesota Statutes 2018, section 290.0132, subdivision 26, is amended to read:

Subd. 26. **Social Security benefits.** (a) A portion of taxable Social Security benefits is allowed as a subtraction. The subtraction equals the lesser of taxable Social Security benefits or a maximum subtraction subject to the limits under paragraphs (b), (c), and (d).

(b) For married taxpayers filing a joint return and surviving spouses, the maximum subtraction equals ~~\$4,500~~ ~~\$6,000~~. The maximum subtraction is reduced by 20 percent of provisional income over ~~\$77,000~~ \$74,000. In no case is the subtraction less than zero.

(c) For single or head-of-household taxpayers, the maximum subtraction equals ~~\$3,500~~ \$4,500. The maximum subtraction is reduced by 20 percent of provisional income over ~~\$60,200~~ \$58,700. In no case is the subtraction less than zero.

(d) For married taxpayers filing separate returns, the maximum subtraction equals ~~\$2,250~~ \$3,000. The maximum subtraction is reduced by 20 percent of provisional income over ~~\$38,500~~ \$37,000. In no case is the subtraction less than zero.

(e) For purposes of this subdivision, "provisional income" means modified adjusted gross income as defined in section 86(b)(2) of the Internal Revenue Code, plus one-half of the taxable Social Security benefits received during the taxable year, and "Social Security benefits" has the meaning given in section 86(d)(1) of the Internal Revenue Code.

(f) The commissioner shall adjust the maximum subtraction and threshold amounts in paragraphs (b) to (d) ~~by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) of the Internal Revenue Code the word "2016" shall be substituted for the word "1992."~~ For 2018, ~~the commissioner shall then determine the percentage change from the 12 months ending on August 31, 2016, to the 12 months ending on August 31, 2017, and in each subsequent year, from the 12 months ending on August 31, 2016, to the 12 months ending on August 31 of the year preceding the taxable year. The determination of the commissioner pursuant to this subdivision must not be considered a rule and is not subject to the Administrative Procedure Act contained in chapter 14, including section 14.386 as provided in section 270C.22.~~ The statutory year is taxable year 2019. The maximum subtraction and threshold amounts as adjusted must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount.

**EFFECTIVE DATE.** (a) The amendments to paragraphs (b), (c), and (d) are effective for taxable years beginning after December 31, 2018.

(b) The amendments to paragraphs (a) and (e) are effective retroactively for taxable years beginning after December 31, 2017.

(c) The amendments to paragraph (f) are effective for adjustments beginning with taxable years beginning after December 31, 2019.

Sec. 13. Minnesota Statutes 2018, section 290.0132, is amended by adding a subdivision to read:

Subd. 27. **Disallowed section 280E expenses; medical cannabis manufacturers.** The amount of expenses of a medical cannabis manufacturer, as defined under section 152.22, subdivision 7, related to the business of medical cannabis under sections 152.21 to 152.37, and not allowed for federal income tax purposes under section 280E of the Internal Revenue Code is a subtraction.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 14. Minnesota Statutes 2018, section 290.0134, is amended by adding a subdivision to read:

Subd. 17. **Disallowed section 280E expenses; medical cannabis manufacturers.** The amount of expenses of a medical cannabis manufacturer, as defined under section 152.22, subdivision 7, related to the business of medical cannabis under sections 152.21 to 152.37, and not allowed for federal income tax purposes under section 280E of the Internal Revenue Code is a subtraction.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 15. Minnesota Statutes 2018, section 290.05, subdivision 1, is amended to read:

Subdivision 1. **Exempt entities.** The following corporations, individuals, estates, trusts, and organizations shall be exempted from taxation under this chapter, provided that every such person or corporation claiming exemption under this chapter, in whole or in part, must establish to the satisfaction of the commissioner the taxable status of any income or activity:

(a) corporations, individuals, estates, and trusts engaged in the business of mining or producing iron ore and mining, producing, or refining other ores, metals, and minerals, the mining, production, or refining of which is subject to the occupation tax imposed by section 298.01; but if any such corporation, individual, estate, or trust engages in any other business or activity or has income from any property not used in such business it shall be subject to this tax computed on the net income from such property or such other business or activity. Royalty shall not be considered as income from the business of mining or producing iron ore within the meaning of this section;

(b) the United States of America, the state of Minnesota or any political subdivision of either agencies or instrumentalities, whether engaged in the discharge of governmental or proprietary functions; and

(c) any insurance company, ~~as defined in section 290.17, subdivision 4, paragraph (j), but including any insurance company licensed and domiciled in another state that grants, on a reciprocal basis, exemption from retaliatory taxes other than a disqualified captive insurance company.~~

**EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning after December 31, 2016.

Sec. 16. **[290.055] ADDITIONAL TAX ON CAPITAL GAIN INCOME.**

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

(b) "Net capital gain" has the meaning given in section 1222 of the Internal Revenue Code.

(c) "Preferential rate income" means the lesser of:

(1) a taxpayer's adjusted net capital gain, as defined in section 1(h)(3) of the Internal Revenue Code, but excluding a capital gain resulting from the sale of property classified as 2a property under section 273.13, subdivision 23; or

(2) the taxpayer's federal taxable income, as defined in section 63 of the Internal Revenue Code.

Subd. 2. **Tax imposed; capital gains.** In addition to the taxes imposed under sections 289A.08, subdivision 7, 290.03, and 290.091, an individual, trust, or estate is liable for a tax equal to three percent of preferential rate income in excess of \$500,000.

Subd. 3. **Nonresidents.** (a) For an individual who is not a resident for the entire taxable year, the tax under subdivision 2 is imposed in an amount equal to: (1) the amount calculated under subdivision 2 for the full year and for all preferential rate income; multiplied by (2) the Minnesota percentage determined under paragraph (b).

(b) "Minnesota percentage" equals:

(1) the sum of the following amounts for the taxable year:

(i) net capital gain from the sale of real property located in Minnesota and tangible personal property with a situs in Minnesota on the date of the sale; plus

(ii) adjusted net capital gain, other than gain included under item (i), received during a period when the taxpayer was domiciled in Minnesota; divided by

(2) the total amount of preferential rate income for the taxable year.

Subd. 4. **Credits for taxes paid to another state.** For purposes of computing the credit for taxes paid to another state under section 290.06, subdivision 22, if the net long-term capital gain qualified for an exclusion, deduction, or exemption, in whole or part, from taxation under the other state's tax, the tax under this section used to calculate the credit must be reduced by three percent of the dollar amount of the exclusion, deduction, or exemption amount that applies under the other state's tax.

**EFFECTIVE DATE.** This section is effective for preferential rate income recognized in taxable years beginning after December 31, 2018.

Sec. 17. Minnesota Statutes 2018, section 290.06, subdivision 2c, is amended to read:

**Subd. 2c. Schedules of rates for individuals, estates, and trusts.** (a) The income taxes imposed by this chapter upon married individuals filing joint returns and surviving spouses as defined in section 2(a) of the Internal Revenue Code must be computed by applying to their taxable net income the following schedule of rates:

(1) On the first ~~\$35,480~~ \$40,240, 5.35 percent;

- (2) On all over ~~\$35,480~~ \$40,240, but not over ~~\$140,960~~ \$150,900, 7.05 percent;
- (3) On all over ~~\$140,960~~ \$150,900, but not over ~~\$250,000~~ \$273,150, 7.85 percent;
- (4) On all over ~~\$250,000~~ \$273,150, 9.85 percent.

Married individuals filing separate returns, estates, and trusts must compute their income tax by applying the above rates to their taxable income, except that the income brackets will be one-half of the above amounts after the adjustment required in subdivision 2d.

(b) The income taxes imposed by this chapter upon unmarried individuals must be computed by applying to taxable net income the following schedule of rates:

- (1) On the first ~~\$24,270~~ \$27,520, 5.35 percent;
- (2) On all over ~~\$24,270~~ \$27,520, but not over ~~\$79,730~~ \$84,990, 7.05 percent;
- (3) On all over ~~\$79,730~~ \$84,990, but not over ~~\$150,000~~ \$163,890, 7.85 percent;
- (4) On all over ~~\$150,000~~ \$163,890, 9.85 percent.

(c) The income taxes imposed by this chapter upon unmarried individuals qualifying as a head of household as defined in section 2(b) of the Internal Revenue Code must be computed by applying to taxable net income the following schedule of rates:

- (1) On the first ~~\$29,880~~ \$33,880, 5.35 percent;
- (2) On all over ~~\$29,880~~ \$33,880, but not over ~~\$120,070~~ \$128,580, 7.05 percent;
- (3) On all over ~~\$120,070~~ \$128,580, but not over ~~\$200,000~~ \$218,520, 7.85 percent;
- (4) On all over ~~\$200,000~~ \$218,520, 9.85 percent.

(d) In lieu of a tax computed according to the rates set forth in this subdivision, the tax of any individual taxpayer whose taxable net income for the taxable year is less than an amount determined by the commissioner must be computed in accordance with tables prepared and issued by the commissioner of revenue based on income brackets of not more than \$100. The amount of tax for each bracket shall be computed at the rates set forth in this subdivision, provided that the commissioner may disregard a fractional part of a dollar unless it amounts to 50 cents or more, in which case it may be increased to \$1.

(e) An individual who is not a Minnesota resident for the entire year must compute the individual's Minnesota income tax as provided in this subdivision. After the application of the nonrefundable credits provided in this chapter, the tax liability must then be multiplied by a fraction in which:

(1) the numerator is the individual's Minnesota source federal adjusted gross income as defined in section 62 of the Internal Revenue Code and increased by the additions required under section 290.0131, subdivisions 2 ~~and~~ 6, 8 to ~~10~~ 10, and 16, and reduced by the Minnesota assignable portion of the subtraction for United States government interest under section 290.0132, subdivision 2, and the subtractions under section 290.0132, subdivisions 9, 10, 14, 15, 17, ~~and~~ 18, and 27, after applying the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

(2) the denominator is the individual's federal adjusted gross income as defined in section 62 of the Internal Revenue Code, increased by the amounts specified in section 290.0131, subdivisions 2 ~~and 6 to 11~~, 8 to 10, and 16, and reduced by the amounts specified in section 290.0132, subdivisions 2, 9, 10, 14, 15, 17, ~~and 18~~, and 27.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 18. Minnesota Statutes 2018, section 290.0671, subdivision 1, is amended to read:

Subdivision 1. **Credit allowed.** (a) An individual who is a resident of Minnesota is allowed a credit against the tax imposed by this chapter equal to a percentage of earned income. To receive a credit, a taxpayer must be eligible for a credit under section 32 of the Internal Revenue Code, except that:

(1) a taxpayer with no qualifying children who has attained the age of 21, but not attained age 65 before the close of the taxable year and is otherwise eligible for a credit under section 32 of the Internal Revenue Code may also receive a credit; and

(2) a taxpayer who is otherwise eligible for a credit under section 32 of the Internal Revenue Code remains eligible for the credit even if the taxpayer's earned income or adjusted gross income exceeds the income limitation under section 32 of the Internal Revenue Code.

(b) For individuals with no qualifying children, the credit equals ~~2.10~~ 3.9 percent of the first ~~\$6,180~~ \$7,150 of earned income. The credit is reduced by ~~2.04~~ 2.0 percent of earned income or adjusted gross income, whichever is greater, in excess of ~~\$8,130~~ the phase-out threshold, but in no case is the credit less than zero.

(c) For individuals with one qualifying child, the credit equals ~~9.35~~ 9.5 percent of the first ~~\$11,120~~ \$12,350 of earned income. The credit is reduced by ~~6.02~~ 6.0 percent of earned income or adjusted gross income, whichever is greater, in excess of ~~\$21,190~~ the phase-out threshold, but in no case is the credit less than zero.

(d) For individuals with two ~~or more~~ qualifying children, the credit equals ~~11~~ 12 percent of the first ~~\$18,240~~ \$18,450 of earned income. The credit is reduced by ~~10.82~~ 10.5 percent of earned income or adjusted gross income, whichever is greater, in excess of ~~\$25,130~~ the phase-out threshold, but in no case is the credit less than zero.

(e) For individuals with three or more qualifying children, the credit equals 12.5 percent of the first \$20,000 of earned income. The credit is reduced by 10.5 percent of earned income or adjusted gross income, whichever is greater, in excess of the phase-out threshold, but in no case is the credit less than zero.

(f) For a part-year resident, the credit must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

~~(g)~~ (g) For a person who was a resident for the entire tax year and has earned income not subject to tax under this chapter, including income excluded under section 290.0132, subdivision 10, the credit must be allocated based on the ratio of federal adjusted gross income reduced by the earned income not subject to tax under this chapter over federal adjusted gross income. For purposes of this paragraph, the following clauses are not considered "earned income not subject to tax under this chapter":

(1) the subtractions for military pay under section 290.0132, subdivisions 11 and 12;

(2) the exclusion of combat pay under section 112 of the Internal Revenue Code; and

(3) income derived from an Indian reservation by an enrolled member of the reservation while living on the reservation.

~~(g) For tax years beginning after December 31, 2013, the \$8,130 in paragraph (b), the \$21,190 in paragraph (c), and the \$25,130 in paragraph (d), after being adjusted for inflation under subdivision 7, are each increased by \$5,000 for married taxpayers filing joint returns. For tax years beginning after December 31, 2013, the commissioner shall annually adjust the \$5,000 by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B), the word "2008" shall be substituted for the word "1992." For 2014, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2008, to the 12 months ending on August 31, 2013, and in each subsequent year, from the 12 months ending on August 31, 2008, to the 12 months ending on August 31 of the year preceding the taxable year. The earned income thresholds as adjusted for inflation must be rounded to the nearest \$10. If the amount ends in \$5, the amount is rounded up to the nearest \$10. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act.~~

(h) For the purposes of this section, the phase-out threshold equals:

(1) \$14,570 for married taxpayers filing joint returns with no qualifying children;

(2) \$8,730 for all other taxpayers with no qualifying children;

(3) \$28,610 for married taxpayers filing joint returns with one qualifying child;

(4) \$22,770 for all other taxpayers with one qualifying child;

(5) \$32,840 for married taxpayers filing joint returns with two qualifying children;

(6) \$27,000 for all other taxpayers with two qualifying children;

(7) \$32,840 for married taxpayers filing joint returns with three or more qualifying children; and

(8) \$27,000 for all other taxpayers with three or more qualifying children.

(i) The commissioner shall construct tables showing the amount of the credit at various income levels and make them available to taxpayers. The tables shall follow the schedule contained in this subdivision, except that the commissioner may graduate the transition between income brackets.

(j) By January 1, 2021, the commissioner must submit to the committees of the house of representatives and the senate with jurisdiction over taxes an audit study of the credit allowed under this section. The report must include an estimate of the number of returns that claimed a larger credit than the taxpayer is eligible to receive in tax year 2018, as well as an estimate of the cost to the state resulting from overpayment of credits. If the commissioner estimates that more than 20 percent of credit claimants claimed a larger credit than they were eligible to receive, the credit under this section is suspended for taxable years beginning after December 31, 2020.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 19. Minnesota Statutes 2018, section 290.0677, subdivision 1a, is amended to read:

Subd. 1a. **Credit allowed; past military service.** (a) A qualified individual is allowed a credit against the tax imposed under this chapter for past military service. The credit equals \$750. The credit allowed under this subdivision is reduced by ten percent of adjusted gross income in excess of ~~\$30,000~~ \$50,000, but in no case is the credit less than zero.

(b) For a nonresident or a part-year resident, the credit under this subdivision must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 20. Minnesota Statutes 2018, section 290.0682, subdivision 1, is amended to read:

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

(b) "Adjusted gross income" means federal adjusted gross income as defined in section 62 of the Internal Revenue Code.

(c) "Earned income" has the meaning given in ~~section 32(c) of the Internal Revenue Code~~ section 290.0675, subdivision 1, paragraph (b).

(d) "Eligible individual" means a resident individual with one or more qualified education loans related to an undergraduate or graduate degree program at a postsecondary educational institution.

(e) "Eligible loan payments" means the amount the eligible individual paid during the taxable year in principal and interest on qualified education loans.

(f) "Postsecondary educational institution" means a public or nonprofit postsecondary institution eligible for state student aid under section 136A.103 or, if the institution is not located in this state, a public or nonprofit postsecondary institution participating in the federal Pell Grant program under title IV of the Higher Education Act of 1965, Public Law 89-329, as amended.

(g) "Qualified education loan" has the meaning given in section 221 of the Internal Revenue Code, but is limited to indebtedness incurred on behalf of the eligible individual.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 21. Minnesota Statutes 2018, section 290.0682, subdivision 2, is amended to read:

Subd. 2. **Credit allowed.** (a) An eligible individual is allowed a credit against the tax due under this chapter.

(b) The credit for an eligible individual equals the least of:

(1) eligible loan payments minus ten percent of an amount equal to adjusted gross income in excess of \$10,000, but in no case less than zero;

(2) the earned income for the taxable year of the eligible individual, if any;

(3) the sum of:

(i) the interest portion of eligible loan payments made during the taxable year; and

(ii) ten percent of the original loan amount of all qualified education loans of the eligible individual; or

(4) \$500.



(c) For a part-year resident, the credit must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

(d) In the case of a married couple, each spouse is eligible for the credit in this section. For the purposes of paragraph (b), for married couples filing joint returns, each spouse's adjusted gross income equals the spouse's percentage share of the couple's earned income, multiplied by the couple's adjusted gross income.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 22. Minnesota Statutes 2018, section 290.0684, subdivision 2, is amended to read:

Subd. 2. **Credit allowed.** (a) An individual who is a resident of Minnesota is allowed a credit against the tax imposed by this chapter. The credit is not allowed to an individual who is eligible to be claimed as a dependent, as defined in sections 151 and 152 of the Internal Revenue Code. The credit may not exceed the liability for tax under this chapter.

(b) The amount of the credit allowed equals 50 percent of contributions for the taxable year. The maximum credit is \$500, subject to the phaseout in paragraphs (c) and (d). In no case is the credit less than zero.

(c) For individual filers, the maximum credit is reduced by two percent of adjusted gross income in excess of \$75,000.

(d) For married couples filing a joint return, the maximum credit is phased out as follows:

(1) for married couples with adjusted gross income in excess of \$75,000, but not more than ~~\$100,000~~ \$135,000, the maximum credit is reduced by one percent of adjusted gross income in excess of \$75,000 until the maximum credit amount equals \$250; and

~~(2) for married couples with adjusted gross income in excess of \$100,000, but not more than \$135,000, the maximum credit is \$250; and~~

~~(3)~~ (2) for married couples with adjusted gross income in excess of \$135,000, the maximum credit is \$250, reduced by one percent of adjusted gross income in excess of \$135,000.

(e) The income thresholds in paragraphs (c) and (d) used to calculate the maximum credit must be adjusted for inflation. The commissioner shall adjust the income thresholds by the percentage determined under the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "2016" is substituted for the word "1992." For 2018, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2016, to the 12 months ending on August 31, 2017, and in each subsequent year, from the 12 months ending on August 31, 2016, to the 12 months ending on August 31 of the year preceding the taxable year. The income thresholds as adjusted for inflation must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount. The determination of the commissioner under this subdivision is not subject to chapter 14, including section 14.386.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2019.

Sec. 23. Minnesota Statutes 2018, section 290.0685, subdivision 1, is amended to read:

Subdivision 1. **Credit allowed.** (a) An eligible individual is allowed a credit against the tax imposed by this chapter equal to \$2,000 for each ~~birth for which a certificate of birth resulting in stillbirth has been issued under section 144.2151~~ stillbirth. The credit under this section is allowed only in the taxable year in which the stillbirth occurred ~~and if the child would have been a dependent of the taxpayer as defined in section 152 of the Internal Revenue Code.~~

(b) For a ~~nonresident~~ or part-year resident, the credit must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

**EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning after December 31, 2015.

Sec. 24. Minnesota Statutes 2018, section 290.0685, is amended by adding a subdivision to read:

**Subd. 1a. Definitions.** (a) For purposes of this section, the following terms have the meanings given, unless the context clearly indicates otherwise.

(b) "Certificate of birth" means the printed certificate of birth resulting in stillbirth issued by the commissioner of health under section 144.2151 or for a birth occurring in another state or country a similar certificate issued under that state's or country's law.

(c) "Eligible individual" means an individual who is:

(1)(i) a resident; or

(ii) the nonresident spouse of a resident who is a member of armed forces of the United States or the United Nations; and

(2)(i) the individual listed first as a parent on the certificate of birth; or

(ii) the individual who gave birth resulting in stillbirth for a birth outside of this state for which no certificate of birth was issued.

(d) "Stillbirth" means a birth for which a fetal death report would be required under section 144.222, subdivision 1, if the birth occurred in this state.

**EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning after December 31, 2015.

Sec. 25. Minnesota Statutes 2018, section 290.0921, subdivision 3, is amended to read:

**Subd. 3. Alternative minimum taxable income.** "Alternative minimum taxable income" is Minnesota net income as defined in section 290.01, subdivision 19, and includes the adjustments and tax preference items in sections 56, 57, 58, and 59(d), (e), (f), and (h) of the Internal Revenue Code. If a corporation files a separate company Minnesota tax return, the minimum tax must be computed on a separate company basis. If a corporation is part of a tax group filing a unitary return, the minimum tax must be computed on a unitary basis. The following adjustments must be made.

(1) The portion of the depreciation deduction allowed for federal income tax purposes under section 168(k) of the Internal Revenue Code that is required as an addition under section 290.0133, subdivision 11, is disallowed in determining alternative minimum taxable income.

(2) The subtraction for depreciation allowed under section 290.0134, subdivision 13, is allowed as a depreciation deduction in determining alternative minimum taxable income.

(3) The alternative tax net operating loss deduction under sections 56(a)(4) and 56(d) of the Internal Revenue Code does not apply.

(4) The special rule for certain dividends under section 56(g)(4)(C)(ii) of the Internal Revenue Code does not apply.

(5) The tax preference for depletion under section 57(a)(1) of the Internal Revenue Code does not apply.

(6) The tax preference for tax exempt interest under section 57(a)(5) of the Internal Revenue Code does not apply.

(7) The tax preference for charitable contributions of appreciated property under section 57(a)(6) of the Internal Revenue Code does not apply.

(8) For purposes of calculating the adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code, the term "alternative minimum taxable income" as it is used in section 56(g) of the Internal Revenue Code, means alternative minimum taxable income as defined in this subdivision, determined without regard to the adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code.

(9) For purposes of determining the amount of adjusted current earnings under section 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under section 56(g)(4) of the Internal Revenue Code with respect to (i) the amount of foreign dividend gross-up subtracted as provided in section 290.0134, subdivision 2, or (ii) the amount of refunds of income, excise, or franchise taxes subtracted as provided in section 290.0134, subdivision 8.

(10) Alternative minimum taxable income excludes the income from operating in a job opportunity building zone as provided under section 469.317.

Items of tax preference must not be reduced below zero as a result of the modifications in this subdivision.

(11) The subtraction for disallowed section 280E expenses under section 290.0134, subdivision 17, is allowed as a deduction in determining alternative minimum taxable income.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 26. Minnesota Statutes 2018, section 290.17, subdivision 4, is amended to read:

**Subd. 4. Unitary business principle.** (a) If a trade or business conducted wholly within this state or partly within and partly without this state is part of a unitary business, the entire income of the unitary business is subject to apportionment pursuant to section 290.191. Notwithstanding subdivision 2, paragraph (c), none of the income of a unitary business is considered to be derived from any particular source and none may be allocated to a particular place except as provided by the applicable apportionment formula. The provisions of this subdivision do not apply to business income subject to subdivision 5, income of an insurance company, or income of an investment company determined under section 290.36.

(b) The term "unitary business" means business activities or operations which result in a flow of value between them. The term may be applied within a single legal entity or between multiple entities and without regard to whether each entity is a sole proprietorship, a corporation, a partnership or a trust.

(c) Unity is presumed whenever there is unity of ownership, operation, and use, evidenced by centralized management or executive force, centralized purchasing, advertising, accounting, or other controlled interaction, but the absence of these centralized activities will not necessarily evidence a nonunitary business. Unity is also presumed when business activities or operations are of mutual benefit, dependent upon or contributory to one another, either individually or as a group.

(d) Where a business operation conducted in Minnesota is owned by a business entity that carries on business activity outside the state different in kind from that conducted within this state, and the other business is conducted entirely outside the state, it is presumed that the two business operations are unitary in nature, interrelated, connected, and interdependent unless it can be shown to the contrary.

(e) Unity of ownership does not exist when two or more corporations are involved unless more than 50 percent of the voting stock of each corporation is directly or indirectly owned by a common owner or by common owners, either corporate or noncorporate, or by one or more of the member corporations of the group. For this purpose, the term "voting stock" shall include membership interests of mutual insurance holding companies formed under section 66A.40.

(f) The net income and apportionment factors under section 290.191 or 290.20 of foreign corporations and other foreign entities, but excluding a disqualified captive insurance company, which are part of a unitary business shall not be included in the net income or the apportionment factors of the unitary business; except that the income and apportionment factors of a foreign entity, other than an entity treated as a C corporation for federal income tax purposes, that are included in the federal taxable income, as defined in section 63 of the Internal Revenue Code as amended through the date named in section 290.01, subdivision 19, of a domestic corporation, domestic entity, or individual must be included in determining net income and the factors to be used in the apportionment of net income pursuant to section 290.191 or 290.20. A foreign corporation or other foreign entity which is not included on a combined report and which is required to file a return under this chapter shall file on a separate return basis.

(g) For purposes of determining the net income of a unitary business and the factors to be used in the apportionment of net income pursuant to section 290.191 or 290.20, there must be included only the income and apportionment factors of domestic corporations or other domestic entities that are determined to be part of the unitary business pursuant to this subdivision, notwithstanding that foreign corporations or other foreign entities might be included in the unitary business; except that the income and apportionment factors of a foreign entity, other than an entity treated as a C corporation for federal income tax purposes, that is included in the federal taxable income, as defined in section 63 of the Internal Revenue Code as amended through the date named in section 290.01, subdivision 19, of a domestic corporation, domestic entity, or individual must be included in determining net income and the factors to be used in the apportionment of net income pursuant to section 290.191 or 290.20.

(h) Each corporation or other entity, except a sole proprietorship, that is part of a unitary business must file combined reports as the commissioner determines. On the reports, all intercompany transactions between entities included pursuant to paragraph (g) must be eliminated and the entire net income of the unitary business determined in accordance with this subdivision is apportioned among the entities by using each entity's Minnesota factors for apportionment purposes in the numerators of the apportionment formula and the total factors for apportionment purposes of all entities included pursuant to paragraph (g) in the denominators of the apportionment formula. Except as otherwise provided by paragraph (f), all sales of the unitary business made within this state pursuant to section 290.191 or 290.20 must be included on the combined report of a corporation or other entity that is a member of the unitary business and is subject to the jurisdiction of this state to impose tax under this chapter.

(i) If a corporation has been divested from a unitary business and is included in a combined report for a fractional part of the common accounting period of the combined report:

(1) its income includable in the combined report is its income incurred for that part of the year determined by proration or separate accounting; and

(2) its sales, property, and payroll included in the apportionment formula must be prorated or accounted for separately.

(j) For purposes of this subdivision, "insurance company" means an insurance company, as defined in section 290.01, subdivision 5b, that is:

~~(1) licensed to engage in the business of insurance in Minnesota pursuant to chapter 60A; or~~

~~(2) domiciled and licensed to engage in the business of insurance in another state or country that imposes retaliatory taxes, fines, deposits, penalties, licenses, or fees and that does not grant, on a reciprocal basis, exemption from such retaliatory taxes to insurance companies or their agents domiciled in Minnesota.~~

~~(k) For purposes of this subdivision, "retaliatory taxes" means taxes imposed on insurance companies organized in another state or country that result from the fact that an insurance company organized in the taxing jurisdiction and doing business in the other jurisdiction is subject to taxes, fines, deposits, penalties, licenses, or fees in an amount exceeding that imposed by the taxing jurisdiction upon an insurance company organized in the other state or country and doing business to the same extent in the taxing jurisdiction not a disqualified captive insurance company.~~

**EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning after December 31, 2016.

Sec. 27. Minnesota Statutes 2018, section 290.191, subdivision 5, is amended to read:

Subd. 5. **Determination of sales factor.** For purposes of this section, the following rules apply in determining the sales factor.

(a) The sales factor includes all sales, gross earnings, or receipts received in the ordinary course of the business, except that the following types of income are not included in the sales factor:

(1) interest;

(2) dividends;

(3) sales of capital assets as defined in section 1221 of the Internal Revenue Code;

(4) sales of property used in the trade or business, except sales of leased property of a type which is regularly sold as well as leased; and

(5) sales of debt instruments as defined in section 1275(a)(1) of the Internal Revenue Code or sales of stock.

(b) Sales of tangible personal property are made within this state if the property is received by a purchaser at a point within this state, regardless of the f.o.b. point, other conditions of the sale, or the ultimate destination of the property.

(c) Tangible personal property delivered to a common or contract carrier or foreign vessel for delivery to a purchaser in another state or nation is a sale in that state or nation, regardless of f.o.b. point or other conditions of the sale.

(d) Notwithstanding paragraphs (b) and (c), when intoxicating liquor, wine, fermented malt beverages, cigarettes, or tobacco products are sold to a purchaser who is licensed by a state or political subdivision to resell this property only within the state of ultimate destination, the sale is made in that state.

(e) Sales made by or through a corporation that is qualified as a domestic international sales corporation under section 992 of the Internal Revenue Code are not considered to have been made within this state.

(f) Sales, rents, royalties, and other income in connection with real property is attributed to the state in which the property is located.

(g) Receipts from the lease or rental of tangible personal property, including finance leases and true leases, must be attributed to this state if the property is located in this state and to other states if the property is not located in this state. Receipts from the lease or rental of moving property including, but not limited to, motor vehicles, rolling stock, aircraft, vessels, or mobile equipment are included in the numerator of the receipts factor to the extent that the property is used in this state. The extent of the use of moving property is determined as follows:

(1) A motor vehicle is used wholly in the state in which it is registered.

(2) The extent that rolling stock is used in this state is determined by multiplying the receipts from the lease or rental of the rolling stock by a fraction, the numerator of which is the miles traveled within this state by the leased or rented rolling stock and the denominator of which is the total miles traveled by the leased or rented rolling stock.

(3) The extent that an aircraft is used in this state is determined by multiplying the receipts from the lease or rental of the aircraft by a fraction, the numerator of which is the number of landings of the aircraft in this state and the denominator of which is the total number of landings of the aircraft.

(4) The extent that a vessel, mobile equipment, or other mobile property is used in the state is determined by multiplying the receipts from the lease or rental of the property by a fraction, the numerator of which is the number of days during the taxable year the property was in this state and the denominator of which is the total days in the taxable year.

(h) Royalties and other income received for the use of or for the privilege of using intangible property, including patents, know-how, formulas, designs, processes, patterns, copyrights, trade names, service names, franchises, licenses, contracts, customer lists, or similar items, must be attributed to the state in which the property is used by the purchaser. If the property is used in more than one state, the royalties or other income must be apportioned to this state pro rata according to the portion of use in this state. If the portion of use in this state cannot be determined, the royalties or other income must be excluded from both the numerator and the denominator. Intangible property is used in this state if the purchaser uses the intangible property or the rights therein in the regular course of its business operations in this state, regardless of the location of the purchaser's customers.

(i) Sales of intangible property are made within the state in which the property is used by the purchaser. If the property is used in more than one state, the sales must be apportioned to this state pro rata according to the portion of use in this state. If the portion of use in this state cannot be determined, the sale must be excluded from both the numerator and the denominator of the sales factor. Intangible property is used in this state if the purchaser used the intangible property in the regular course of its business operations in this state.

(j) Receipts from the performance of services must be attributed to the state where the services are received. For the purposes of this section, receipts from the performance of services provided to a corporation, partnership, or trust may only be attributed to a state where it has a fixed place of doing business. If the state where the services are received is not readily determinable or is a state where the corporation, partnership, or trust receiving the service does not have a fixed place of doing business, the services shall be deemed to be received at the location of the office of the customer from which the services were ordered in the regular course of the customer's trade or business. If the ordering office cannot be determined, the services shall be deemed to be received at the office of the customer to which the services are billed.

(k) For the purposes of this subdivision and subdivision 6, paragraph (l), receipts from management, distribution, or administrative services performed by a person or corporation ~~or trust~~ for a fund of a person or corporation ~~or trust~~ regulated under United States Code, title 15, ~~sections 80a-1 through 80a-64~~ chapter 2D, subchapter I, must be

attributed to the state where the shareholder of the fund resides. Under this paragraph, receipts for services attributed to shareholders are determined on the basis of the ratio of: (1) the average of the outstanding shares in the fund owned by shareholders residing within Minnesota at the beginning and end of each year; and (2) the average of the total number of outstanding shares in the fund at the beginning and end of each year. Residence of the shareholder, in the case of an individual, is determined by the mailing address furnished by the shareholder to the fund. Residence of the shareholder, when the shares are held by an insurance company as a depositor for the insurance company policyholders, is the mailing address of the policyholders. In the case of an insurance company holding the shares as a depositor for the insurance company policyholders, if the mailing address of the policyholders cannot be determined by the taxpayer, the receipts must be excluded from both the numerator and denominator. Residence of other shareholders is the mailing address of the shareholder.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 28. Minnesota Statutes 2018, section 290.21, subdivision 4, is amended to read:

Subd. 4. **Dividends received from another corporation.** (a)(1) Eighty percent of dividends received by a corporation during the taxable year from another corporation, in which the recipient owns 20 percent or more of the stock, by vote and value, not including stock described in section 1504(a)(4) of the Internal Revenue Code when the corporate stock with respect to which dividends are paid does not constitute the stock in trade of the taxpayer or would not be included in the inventory of the taxpayer, or does not constitute property held by the taxpayer primarily for sale to customers in the ordinary course of the taxpayer's trade or business, or when the trade or business of the taxpayer does not consist principally of the holding of the stocks and the collection of the income and gains therefrom; and

(2)(i) the remaining 20 percent of dividends if the dividends received are the stock in an affiliated company transferred in an overall plan of reorganization and the dividend is eliminated in consolidation under Treasury Department Regulation 1.1502-14(a), as amended through December 31, 1989;

(ii) the remaining 20 percent of dividends if the dividends are received from a corporation which is subject to tax under section 290.36 and which is a member of an affiliated group of corporations as defined by the Internal Revenue Code and the dividend is eliminated in consolidation under Treasury Department Regulation 1.1502-14(a), as amended through December 31, 1989, or is deducted under an election under section 243(b) of the Internal Revenue Code; or

(iii) the remaining 20 percent of the dividends if the dividends are received from a property and casualty insurer as defined under section 60A.60, subdivision 8, which is a member of an affiliated group of corporations as defined by the Internal Revenue Code and either: (A) the dividend is eliminated in consolidation under Treasury Regulation 1.1502-14(a), as amended through December 31, 1989; or (B) the dividend is deducted under an election under section 243(b) of the Internal Revenue Code.

(b) Seventy percent of dividends received by a corporation during the taxable year from another corporation in which the recipient owns less than 20 percent of the stock, by vote or value, not including stock described in section 1504(a)(4) of the Internal Revenue Code when the corporate stock with respect to which dividends are paid does not constitute the stock in trade of the taxpayer, or does not constitute property held by the taxpayer primarily for sale to customers in the ordinary course of the taxpayer's trade or business, or when the trade or business of the taxpayer does not consist principally of the holding of the stocks and the collection of income and gain therefrom.

(c) The dividend deduction provided in this subdivision shall be allowed only with respect to dividends that are included in a corporation's Minnesota taxable net income for the taxable year.

The dividend deduction provided in this subdivision does not apply to a dividend from a corporation which, for the taxable year of the corporation in which the distribution is made or for the next preceding taxable year of the corporation, is a corporation exempt from tax under section 501 of the Internal Revenue Code.

The dividend deduction provided in this subdivision does not apply to a dividend received from a real estate investment trust as defined in section 856 of the Internal Revenue Code.

The dividend deduction provided in this subdivision applies to the amount of regulated investment company dividends only to the extent determined under section 854(b) of the Internal Revenue Code.

The dividend deduction provided in this subdivision shall not be allowed with respect to any dividend for which a deduction is not allowed under the provisions of section 246(c) or 246A of the Internal Revenue Code.

(d) If dividends received by a corporation that does not have nexus with Minnesota under the provisions of Public Law 86-272 are included as income on the return of an affiliated corporation permitted or required to file a combined report under section 290.17, subdivision 4, or 290.34, subdivision 2, then for purposes of this subdivision the determination as to whether the trade or business of the corporation consists principally of the holding of stocks and the collection of income and gains therefrom shall be made with reference to the trade or business of the affiliated corporation having a nexus with Minnesota.

(e) The deduction provided by this subdivision does not apply if the dividends are paid by a FSC as defined in section 922 of the Internal Revenue Code.

(f) If one or more of the members of the unitary group whose income is included on the combined report received a dividend, the deduction under this subdivision for each member of the unitary business required to file a return under this chapter is the product of: (1) 100 percent of the dividends received by members of the group; (2) the percentage allowed pursuant to paragraph (a) or (b); and (3) the percentage of the taxpayer's business income apportionable to this state for the taxable year under section 290.191 or 290.20.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 29. Minnesota Statutes 2018, section 291.016, subdivision 3, is amended to read:

Subd. 3. **Subtraction.** ~~(a) For estates of decedents dying after December 31, 2016,~~ A subtraction is allowed in computing the Minnesota taxable estate, equal to the sum of:

(1) the exclusion amount for the year of death under paragraph (b); and

(2) the lesser of:

(i) the value of qualified small business property under section 291.03, subdivision 9, and the value of qualified farm property under section 291.03, subdivision 10; or

(ii) \$5,000,000 minus the exclusion amount for the year of death under paragraph (b).

(b) The following exclusion amounts apply for the year of death:

~~(1) \$2,100,000 for decedents dying in 2017;~~

~~(2)~~ (1) \$2,400,000 for estates of decedents dying in 2018; and



~~(3) \$2,700,000 for decedents dying in 2019; and~~

~~(4) \$3,000,000 for decedents dying in 2020~~ (2) \$2,700,000 for estates of decedents dying in 2019 and thereafter.

(c) The subtraction under this subdivision must not reduce the Minnesota taxable estate to less than zero.

**EFFECTIVE DATE.** This section is effective retroactively for estates of decedents dying in 2019 and thereafter.

Sec. 30. **APPLICATION OF SMALL BUSINESS INVESTMENT TAX CREDIT FOR TAXABLE YEAR 2019.**

Applications for (1) certification as a qualified small business, qualified investor, or qualified fund under Minnesota Statutes, section 116J.8737, subdivisions 2, 3, and 4, and (2) the credit under Minnesota Statutes, section 116J.8737, subdivision 5, for taxable year 2019 must be made available on the Department of Employment and Economic Development's website by September 1, 2019. The provisions of Minnesota Statutes, section 116J.8737, generally apply to the taxable year 2019 extension of the credit in sections 1 to 7.

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

Sec. 31. **STATE HISTORIC STRUCTURE REHABILITATION TAX CREDIT; SPECIAL PROVISION FOR MINNESOTA MUSEUM OF AMERICAN ART.**

Notwithstanding Minnesota Statutes, section 290.0681, or any law or rule to the contrary, the rehabilitation of the Minnesota Museum of American Art Center for Creativity facilities, as described in Laws 2017, First Special Session chapter 8, article 1, section 20, subdivision 21, qualifies for the credit under Minnesota Statutes, section 290.0681, if the project is consistent with the historic character of the certified structure as determined under section 47 of the Internal Revenue Code. The State Historic Preservation Office of the Department of Administration must issue the credit certificate for the project to the Minnesota Museum of American Art or its assignee.

Sec. 32. **TAX EXPENDITURE STATEMENT OF INTENT.**

(a) In accordance with the requirements in Minnesota Statutes, section 3.192, the purpose and goals for the tax expenditures in this article and article 1 are listed in this section.

(b) The purpose and goal of the tax expenditures in article 1, section 51, and article 2, sections 13, 14, and 25, is to provide equitable state tax treatment between medical cannabis manufacturers that are not allowed to deduct their business expenses under the Internal Revenue Code and manufacturers of other goods who may deduct these expenses.

(c) The purpose of the tax expenditure under article 2, sections 1 to 7 and 30, is to encourage investment in innovative small businesses in Minnesota. The goal is to increase the number of these businesses in the state, the number of people employed by these businesses in the state, the productivity of these businesses, or the sales of these businesses."

Page 175, delete article 6 and insert:

"ARTICLE 6  
AIDS AND CREDITS

Section 1. Minnesota Statutes 2018, section 273.1385, subdivision 4, is amended to read:

Subd. 4. **Aid termination.** The aid provided under this section ~~terminates on June 30, 2020.~~ continues until the earlier of:

(1) the last day of the fiscal year immediately following the fiscal year in which the actuarial value of assets of the general employees retirement plan of the Public Employees Retirement Association first equals or exceeds the actuarial accrued liabilities of the plan as reported in the annual actuarial valuation prepared under section 356.215; or

(2) June 30, 2048.

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

Sec. 2. Minnesota Statutes 2018, section 273.1387, subdivision 2, is amended to read:

Subd. 2. **Credit amount.** For each qualifying property, the school building bond agricultural credit is equal to ~~40~~ 70 percent of the property's eligible net tax capacity multiplied by the school debt tax rate determined under section 275.08, subdivision 1b.

**EFFECTIVE DATE.** This section is effective beginning with property taxes payable in 2020.

Sec. 3. Minnesota Statutes 2018, section 290A.04, subdivision 2, is amended to read:

Subd. 2. **Homeowners; homestead credit refund.** A claimant whose property taxes payable are in excess of the percentage of the household income stated below shall pay an amount equal to the percent of income shown for the appropriate household income level along with the percent to be paid by the claimant of the remaining amount of property taxes payable. The state refund equals the amount of property taxes payable that remain, up to the state refund amount shown below.

Household Income	Percent of Income	Percent Paid by Claimant	Maximum State Refund
<del>\$0 to 1,619</del> <u>\$0 to 1,769</u>	1.0 percent	15 percent	<del>\$ 2,580</del> <u>3,020</u>
<del>1,620 to 3,229</del> <u>1,770 to 3,529</u>	1.1 percent	15 percent	<del>\$ 2,580</del> <u>3,020</u>
<del>3,230 to 4,889</del> <u>3,530 to 5,349</u>	1.2 percent	15 percent	<del>\$ 2,580</del> <u>3,020</u>
<del>4,890 to 6,519</del> <u>5,350 to 7,129</u>	1.3 percent	20 percent	<del>\$ 2,580</del> <u>3,020</u>
<del>6,520 to 8,129</del> <u>7,130 to 8,899</u>	1.4 percent	20 percent	<del>\$ 2,580</del> <u>3,020</u>
<del>8,130 to 11,389</del> <u>8,900 to 12,459</u>	1.5 percent	20 percent	<del>\$ 2,580</del> <u>3,020</u>
<del>11,390 to 13,009</del> <u>12,460 to 14,239</u>	1.6 percent	20 percent	<del>\$ 2,580</del> <u>3,020</u>
<del>13,010 to 14,649</del> <u>14,240 to 16,029</u>	1.7 percent	20 percent	<del>\$ 2,580</del> <u>3,020</u>
<del>14,650 to 16,269</del> <u>16,030 to 17,799</u>	1.8 percent	20 percent	<del>\$ 2,580</del> <u>3,020</u>
<del>16,270 to 17,879</del> <u>17,800 to 19,569</u>	1.9 percent	25 percent	<del>\$ 2,580</del> <u>3,020</u>
<del>17,880 to 22,779</del> <u>19,570 to 24,929</u>	2.0 percent	25 percent	<del>\$ 2,580</del> <u>3,020</u>
<del>22,780 to 24,399</del> <u>24,930 to 26,699</u>	2.0 percent	30 percent	<del>\$ 2,580</del> <u>3,020</u>
<del>24,400 to 27,659</del> <u>26,700 to 30,269</u>	2.0 percent	30 percent	<del>\$ 2,580</del> <u>3,020</u>
<del>27,660 to 39,029</del> <u>30,270 to 42,709</u>	2.0 percent	35 percent	<del>\$ 2,580</del> <u>3,020</u>
<del>39,030 to 56,919</del> <u>42,710 to 62,279</u>	2.0 percent	35 percent	<del>\$ 2,090</del> <u>2,490</u>
<del>56,920 to 65,049</del> <u>62,280 to 71,179</u>	2.0 percent	40 percent	<del>\$ 1,830</del> <u>2,200</u>
<del>65,050 to 73,189</del> <u>71,180 to 80,089</u>	2.1 percent	40 percent	<del>\$ 1,510</del> <u>1,850</u>
<del>73,190 to 81,319</del> <u>80,090 to 88,979</u>	2.2 percent	40 percent	<del>\$ 1,350</del> <u>1,680</u>
<del>81,320 to 89,449</del> <u>88,980 to 97,879</u>	2.3 percent	40 percent	<del>\$ 1,180</del> <u>1,490</u>
<del>89,450 to 94,339</del> <u>97,880 to 103,229</u>	2.4 percent	45 percent	<del>\$ 1,000</del> <u>1,290</u>
<del>94,340 to 97,609</del> <u>103,230 to 106,809</u>	2.5 percent	45 percent	<del>\$ 830</del> <u>1,090</u>

<del>97,610 to 101,559</del>	<u>106,810 to 111,129</u>	2.5 percent	50 percent	<del>\$ 680</del> <u>920</u>
<del>101,560 to 105,499</del>	<u>111,130 to 115,439</u>	2.5 percent	50 percent	<del>\$ 500</del> <u>730</u>
	<u>115,440 to 119,439</u>	<u>2.6 percent</u>	<u>50 percent</u>	<u>\$500</u>
	<u>119,440 to 123,439</u>	<u>2.7 percent</u>	<u>50 percent</u>	<u>\$450</u>
	<u>123,440 to 127,439</u>	<u>2.8 percent</u>	<u>50 percent</u>	<u>\$400</u>
	<u>127,440 to 131,439</u>	<u>2.9 percent</u>	<u>55 percent</u>	<u>\$350</u>
	<u>131,440 to 135,439</u>	<u>3.0 percent</u>	<u>55 percent</u>	<u>\$300</u>
	<u>135,440 to 139,439</u>	<u>3.1 percent</u>	<u>55 percent</u>	<u>\$250</u>
	<u>139,440 to 143,439</u>	<u>3.2 percent</u>	<u>55 percent</u>	<u>\$200</u>
	<u>143,440 to 147,439</u>	<u>3.3 percent</u>	<u>55 percent</u>	<u>\$150</u>
	<u>147,440 to 151,439</u>	<u>3.4 percent</u>	<u>55 percent</u>	<u>\$100</u>
	<u>151,440 to 155,439</u>	<u>3.5 percent</u>	<u>55 percent</u>	<u>\$100</u>

The payment made to a claimant shall be the amount of the state refund calculated under this subdivision. No payment is allowed if the claimant's household income is ~~\$105,500~~ \$155,440 or more.

**EFFECTIVE DATE.** This section is effective for refunds based on property taxes payable after December 31, 2019.

Sec. 4. Minnesota Statutes 2018, section 290A.04, subdivision 2a, is amended to read:

Subd. 2a. **Renters.** A claimant whose rent constituting property taxes exceeds the percentage of the household income stated below must pay an amount equal to the percent of income shown for the appropriate household income level along with the percent to be paid by the claimant of the remaining amount of rent constituting property taxes. The state refund equals the amount of rent constituting property taxes that remain, up to the maximum state refund amount shown below.

Household Income	Percent of Income	Percent Paid by Claimant	Maximum State Refund
<del>\$0 to 4,909</del> <u>\$0 to 5,369</u>	1.0 percent	<del>5</del> <u>2.5</u> percent	<del>\$ 2,000</del> <u>2,190</u>
<del>4,910 to 6,529</del> <u>5,370 to 7,149</u>	1.0 percent	<del>4</del> <u>5</u> percent	<del>\$ 2,000</del> <u>2,190</u>
<del>6,530 to 8,159</del> <u>7,150 to 8,929</u>	1.1 percent	<del>4</del> <u>5</u> percent	<del>\$ 1,950</del> <u>2,130</u>
<del>8,160 to 11,439</del> <u>8,930 to 12,519</u>	1.2 percent	<del>4</del> <u>5</u> percent	<del>\$ 1,900</del> <u>2,080</u>
<del>11,440 to 14,709</del> <u>12,520 to 16,099</u>	1.3 percent	<del>4</del> <u>5</u> percent	<del>\$ 1,850</del> <u>2,020</u>
<del>14,710 to 16,339</del> <u>16,100 to 17,879</u>	1.4 percent	<del>4</del> <u>5</u> percent	<del>\$ 1,800</del> <u>1,970</u>
<del>16,340 to 17,959</del> <u>17,880 to 19,649</u>	1.4 percent	<del>2</del> <u>15</u> percent	<del>\$ 1,750</del> <u>1,910</u>
<del>17,960 to 21,239</del> <u>19,650 to 23,239</u>	1.5 percent	<del>2</del> <u>15</u> percent	<del>\$ 1,700</del> <u>1,860</u>
<del>21,240 to 22,869</del> <u>23,240 to 25,029</u>	1.6 percent	<del>2</del> <u>15</u> percent	<del>\$ 1,650</del> <u>1,810</u>
<del>22,870 to 24,499</del> <u>25,030 to 26,809</u>	1.7 percent	<del>2</del> <u>20</u> percent	<del>\$ 1,650</del> <u>1,810</u>
<del>24,500 to 27,779</del> <u>26,810 to 30,399</u>	1.8 percent	<del>2</del> <u>20</u> percent	<del>\$ 1,650</del> <u>1,810</u>
<del>27,780 to 29,399</del> <u>30,400 to 32,169</u>	1.9 percent	<del>3</del> <u>25</u> percent	<del>\$ 1,650</del> <u>1,810</u>
<del>29,400 to 34,299</del> <u>32,170 to 37,529</u>	2.0 percent	<del>3</del> <u>27.5</u> percent	<del>\$ 1,650</del> <u>1,810</u>
<del>34,300 to 39,199</del> <u>37,530 to 42,889</u>	2.0 percent	<del>3</del> <u>32.5</u> percent	<del>\$ 1,650</del> <u>1,810</u>
<del>39,200 to 45,739</del> <u>42,890 to 50,049</u>	2.0 percent	<del>4</del> <u>37.5</u> percent	<del>\$ 1,650</del> <u>1,810</u>
<del>45,740 to 47,369</del> <u>50,050 to 51,829</u>	2.0 percent	<del>4</del> <u>40</u> percent	<del>\$ 1,500</del> <u>1,640</u>
<del>47,370 to 49,009</del> <u>51,830 to 53,629</u>	2.0 percent	<del>4</del> <u>42.5</u> percent	<del>\$ 1,350</del> <u>1,480</u>
<del>49,010 to 50,649</del> <u>53,630 to 55,419</u>	2.0 percent	<del>4</del> <u>42.5</u> percent	<del>\$ 1,150</del> <u>1,260</u>
<del>50,650 to 52,269</del> <u>55,420 to 57,199</u>	2.0 percent	<del>5</del> <u>47.5</u> percent	<del>\$ 1,000</del> <u>1,090</u>
<del>52,270 to 53,909</del> <u>57,200 to 58,989</u>	2.0 percent	<del>5</del> <u>47.5</u> percent	<del>\$ 900</del> <u>980</u>
<del>53,910 to 55,539</del> <u>58,990 to 64,999</u>	2.0 percent	50 percent	<del>\$ 500</del> <u>750</u>

<u>55,540 to 57,169</u>	<u>2.0 percent</u>	<u>50 percent</u>	<u>\$200</u>
<u>65,000 to 67,499</u>	<u>2.0 percent</u>	<u>55 percent</u>	<u>\$550</u>
<u>67,500 to 69,999</u>	<u>2.1 percent</u>	<u>55 percent</u>	<u>\$350</u>
<u>70,000 to 72,499</u>	<u>2.2 percent</u>	<u>55 percent</u>	<u>\$250</u>
<u>72,500 to 74,999</u>	<u>2.3 percent</u>	<u>55 percent</u>	<u>\$150</u>

The payment made to a claimant is the amount of the state refund calculated under this subdivision. No payment is allowed if the claimant's household income is ~~\$57,170~~ \$75,000 or more.

**EFFECTIVE DATE.** This section is effective for refunds based on rent paid after December 31, 2018.

Sec. 5. Minnesota Statutes 2018, section 290A.19, is amended to read:

**290A.19 OWNER OR MANAGING AGENT TO FURNISH RENT CERTIFICATE CERTIFICATES.**

Subdivision 1. Owner or managing agent to furnish rent certificate. (a) The owner or managing agent of any property for which rent is paid for occupancy as a homestead must furnish a certificate of rent paid to a person who is a renter on December 31, in the form prescribed by the commissioner. If the renter moves before December 31, the owner or managing agent may give the certificate to the renter at the time of moving, or mail the certificate to the forwarding address if an address has been provided by the renter. The certificate must be made available to the renter before February 1 of the year following the year in which the rent was paid. The owner or managing agent must retain a duplicate of each certificate or an equivalent record showing the same information for a period of three years. The duplicate or other record must be made available to the commissioner upon request.

(b) The commissioner may require the owner or managing agent, through a simple process, to furnish to the commissioner on or before March 1 a copy of each certificate of rent paid furnished to a renter for rent paid in the prior year, ~~in~~. The commissioner shall prescribe the content, format, and manner prescribed by the commissioner of the form pursuant to section 270C.30. Prior to implementation, the commissioner, after consulting with representatives of owners or managing agents, shall develop an implementation and administration plan for the requirements of this paragraph that attempts to minimize financial burdens, administration and compliance costs, and takes into consideration existing systems of owners and managing agents.

(c) For the purposes of this section, "owner" includes a park owner as defined under section 327C.01, subdivision 6, and "property" includes a lot as defined under section 327C.01, subdivision 3.

(d) Beginning with certificates of rent paid for 2021 rents, an owner or managing agent must furnish certificates of rent paid that were created using the system developed under subdivision 3 or provide equivalent data to the commissioner in a form and manner approved by the commissioner. The commissioner must retain data collected under this paragraph at least as long as is necessary to ensure compliance with this chapter. Data gathered under this paragraph are return information, as defined in section 270B.02.

Subd. 2. Rental market information. (a) Beginning with certificates of rent paid for 2021 rents, an owner or managing agent must submit the following data elements to the commissioner about any property for which the owner or managing agent provides a certificate of rent paid under subdivision 1:

(1) the number of bedrooms in the rental unit;

(2) whether utilities are included in the rent amount reported;

(3) whether the renter paid a different rent amount than the market rate due to a subsidy; and

(4) the city, county, and five-digit zip code of the rental unit.

(b) An owner or managing agent may submit the data using the electronic system developed under subdivision 3, or provide equivalent data in a form and manner approved by the commissioner.

(c) The commissioner must retain data collected through the system at least as long as is necessary to prepare the annual report required under section 290A.29. Data collected under this subdivision are return information, as defined in section 270B.02.

**Subd. 3. Electronic system for certificates of rent paid.** (a) The commissioner must develop and implement an electronic system for generating certificates of rent paid. The system must allow an owner or managing agent to enter the information necessary to generate a certificate of rent paid, and use the information provided to create a completed certificate for distribution to renters. An owner or managing agent is responsible for furnishing the certificate to a renter in accordance with subdivision 1. The system must be available by January 1, 2021, for use for certificates of rent paid for 2020 rents.

(b) In addition to any information required by the commissioner to administer the renter's credit program and ensure compliance with this chapter, the system developed under this subdivision must be capable of capturing the rental market information required under subdivision 2.

**EFFECTIVE DATE.** (a) The amendments to subdivisions 1 and 2 are effective for refunds based on rents paid in 2021 and following years.

(b) Subdivision 3 is effective July 1, 2019.

**Sec. 6. [290A.29] ANNUAL REPORT ON RENTS PAID IN MINNESOTA.**

(a) Using data collected under section 290A.19, subdivision 2, the commissioner must annually prepare and publish a report on rents in Minnesota. The report must provide aggregated summary data on rents, broken out by number of bedrooms, county, and other significant geographical regions. At a minimum, the report must describe:

(1) average and median rent amounts paid in the most recent year for which data is available; and

(2) to the extent data is available, year-to-year changes in the amount of rent paid.

(b) By March 15, 2022, and March 15 of each following year, the commissioner must submit the report to the chairs and ranking members of the house and senate committees with jurisdiction over taxes, property taxes, and housing policy.

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

Sec. 7. Minnesota Statutes 2018, section 298.225, subdivision 1, is amended to read:

Subdivision 1. **Guaranteed distribution.** (a) Except as provided under paragraph (c), the distribution of the taconite production tax as provided in section 298.28, subdivisions 3 to 5, 6, paragraph (b), 7, and 8, shall equal the lesser of the following amounts:

(1) the amount distributed pursuant to this section and section 298.28, with respect to 1983 production if the production for the year prior to the distribution year is no less than 42,000,000 taxable tons. If the production is less than 42,000,000 taxable tons, the amount of the distributions shall be reduced proportionately at the rate of two percent for each 1,000,000 tons, or part of 1,000,000 tons by which the production is less than 42,000,000 tons; or

(2)(i) for the distributions made pursuant to section 298.28, subdivisions 4, paragraphs (b) and (c), and 6, paragraph (c), 31.2 percent of the amount distributed pursuant to this section and section 298.28, with respect to 1983 production;

(ii) for the distributions made pursuant to section 298.28, subdivision 5, paragraphs (b) and (d), 75 percent of the amount distributed pursuant to this section and section 298.28, with respect to 1983 production provided that the aid guarantee for distributions under section 298.28, subdivision 5, paragraph (b), shall be reduced by five cents per taxable ton for production years 2014 and thereafter.

(b) The distribution of the taconite production tax as provided in section 298.28, subdivision 2, shall equal the following amount:

(1) if the production for the year prior to the distribution year is at least 42,000,000 taxable tons, the amount distributed pursuant to this section and section 298.28 with respect to 1999 production; or

(2) if the production for the year prior to the distribution year is less than 42,000,000 taxable tons, the amount distributed pursuant to this section and section 298.28 with respect to 1999 production, reduced proportionately at the rate of two percent for each 1,000,000 tons or part of 1,000,000 tons by which the production is less than 42,000,000 tons.

(c) The distribution of the taconite production tax under section 298.28, subdivision 3, paragraph (a), must equal the amount distributed under 298.28, with respect to 1983 production.

**EFFECTIVE DATE.** This section is effective for distributions in 2020 and thereafter.

Sec. 8. Minnesota Statutes 2018, section 298.28, subdivision 3, is amended to read:

Subd. 3. **Cities; towns.** (a) 12.5 cents per taxable ton, less any amount distributed under subdivision 8, and paragraph (b), must be allocated to the taconite municipal aid account to be distributed as provided in section 298.282. The amount allocated to the taconite municipal aid account must be annually increased in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1.

(b) An amount must be allocated to towns or cities that is annually certified by the county auditor of a county containing a taconite tax relief area as defined in section 273.134, paragraph (b), within which there is (1) an organized township if, as of January 2, 1982, more than 75 percent of the assessed valuation of the township consists of iron ore or (2) a city if, as of January 2, 1980, more than 75 percent of the assessed valuation of the city consists of iron ore.

(c) The amount allocated under paragraph (b) will be the portion of a township's or city's certified levy equal to the proportion of (1) the difference between 50 percent of January 2, 1982, assessed value in the case of a township and 50 percent of the January 2, 1980, assessed value in the case of a city and its current assessed value to (2) the sum of its current assessed value plus the difference determined in (1), provided that the amount distributed shall not exceed \$55 per capita in the case of a township or \$75 per capita in the case of a city. For purposes of this limitation, population will be determined according to the 1980 decennial census conducted by the United States Bureau of the Census. If the current assessed value of the township exceeds 50 percent of the township's January 2, 1982, assessed value, or if the current assessed value of the city exceeds 50 percent of the city's January 2, 1980, assessed value, this paragraph shall not apply. For purposes of this paragraph, "assessed value," when used in reference to years other than 1980 or 1982, means the appropriate net tax capacities multiplied by 10.2.

(d) In addition to other distributions under this subdivision, three cents per taxable ton for distributions in 2009 must be allocated for distribution to towns that are entirely located within the taconite tax relief area defined in section 273.134, paragraph (b). For distribution in 2010 through 2014 and for distribution in 2018 and subsequent

years, the three-cent amount must be annually increased in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1. The amount available under this paragraph will be distributed to eligible towns on a per capita basis, provided that no town may receive more than \$50,000 in any year under this paragraph. Any amount of the distribution that exceeds the \$50,000 limitation for a town under this paragraph must be redistributed on a per capita basis among the other eligible towns, to whose distributions do not exceed \$50,000.

**EFFECTIVE DATE.** This section is effective for distributions in 2020 and thereafter.

Sec. 9. Minnesota Statutes 2018, section 469.169, is amended by adding a subdivision to read:

Subd. 21. **Additional border city allocations.** (a) In addition to the tax reductions authorized in subdivisions 12 to 20, the commissioner shall annually allocate \$1,000,000 for tax reductions to border city enterprise zones in cities located on the western border of the state, except that of this amount \$50,000 must be annually allocated for tax reductions to border city enterprise zones in the city of Taylors Falls. The commissioner shall allocate this amount among cities on a per capita basis. Allocations made under this subdivision may be used for tax reductions under sections 469.171, 469.1732, and 469.1734, or for other offsets of taxes imposed on or remitted by businesses located in the enterprise zone as provided by law, but only if the municipality determines that the granting of the tax reduction or offset is necessary to retain a business within or attract a business to the zone.

(b) The allocations under this subdivision do not cancel or expire, but remain available until used by the city.

**EFFECTIVE DATE.** This section is effective July 1, 2020.

Sec. 10. Minnesota Statutes 2018, section 469.171, subdivision 4, is amended to read:

Subd. 4. **Restriction.** The tax reductions provided by this section shall not apply to (1) a facility the primary purpose of which is one of the following: ~~retail food and beverage services, automobile sales or service, or the provision of recreation or entertainment, or a private or commercial golf course, country club, massage parlor, tennis club, skating facility including roller skating, skateboard, and ice skating, racquet sports facility, including any handball or racquetball court, hot tub facility, suntan facility, or racetrack;~~ (2) property of a public utility; (3) property used in the operation of a financial institution; (4) property owned by a fraternal or veterans' organization; or (5) ~~property of a business operating under a franchise agreement that requires the business to be located in the state; except that tax reductions may be provided to a retail food or beverage facility or an automobile sales or service facility, or a business a retail food or beverage facility operating under a franchise agreement that requires the business to be located in this state except for such a franchised retail food or beverage facility.~~

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

Sec. 11. Minnesota Statutes 2018, section 477A.011, subdivision 45, is amended to read:

Subd. 45. **Sparsity adjustment.** ~~For~~ The sparsity adjustment is \$200 for either:

(1) a city with a population of 10,000 or more, the sparsity adjustment is 100 for any city with and an average population density less than 150 per square mile, according to the most recent federal census. ~~For; or~~

(2) a city with a population less than 10,000, the sparsity adjustment is 200 for any city with and an average population density less than 30 per square mile, according to the most recent federal census.

The sparsity adjustment is zero for all other cities.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2020 and thereafter.

Sec. 12. Minnesota Statutes 2018, section 477A.013, subdivision 9, is amended to read:

Subd. 9. **City aid distribution.** (a) In calendar year 2018 and thereafter, if a city's certified aid before any aid adjustment under subdivision 13 for the previous year is less than its current unmet need, the city shall receive an aid distribution equal to the sum of (1) its certified aid in the previous year before any aid adjustment under subdivision 13, (2) the city formula aid under subdivision 8, and (3) its aid adjustment under subdivision 13.

(b) For aids payable in 2018 and thereafter, if a city's certified aid before any aid adjustment under subdivision 13 for the previous year is equal to or greater than its current unmet need, the total aid for a city is equal to the greater of (1) its unmet need plus any aid adjustment under subdivision 13, or (2) the amount it was certified to receive in the previous year minus the sum of (i) any adjustment under subdivision 13 that was paid in the previous year but has expired, and (ii) the lesser of \$10 multiplied by its population, or five percent of its net levy in the year prior to the aid distribution. No city may have a total aid amount less than \$0.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2020 and thereafter.

Sec. 13. Minnesota Statutes 2018, section 477A.013, subdivision 13, is amended to read:

Subd. 13. **Certified aid adjustments.** ~~(a) A city that received an aid base increase under Minnesota Statutes 2012, section 477A.011, subdivision 36, paragraph (e), shall have its total aid under subdivision 9 increased by an amount equal to \$150,000 for aids payable in 2014 through 2018.~~

~~(b) (a) A city that received an aid base increase under Minnesota Statutes 2012, section 477A.011, subdivision 36, paragraph (r), shall have its total aid under subdivision 9 increased by an amount equal to \$160,000 for aids payable in 2014 and thereafter.~~

~~(c) A city that received a temporary aid increase under Minnesota Statutes 2012, section 477A.011, subdivision 36, paragraph (o), shall have its total aid under subdivision 9 increased by an amount equal to \$1,000,000 for aids payable in 2014 only.~~

(b) The city of Floodwood shall have its total aid under subdivision 9 increased by \$20,000 for aids payable in 2020 through 2024.

(c) The city of Hermantown shall have its total aid under subdivision 9 increased by \$200,000 for aids payable in 2020 through 2024.

(d) The city of West St. Paul shall have its total aid under subdivision 9 increased by \$920,000 for aids payable in 2020 through 2024.

(e) The city of Flensburg shall have its total aid under subdivision 9 increased by \$38,400 for aids payable in 2020 only.

(f) The city of Lilydale shall have its total aid under subdivision 9 increased by \$275,000 for aids payable in 2020 only.

(g) The city of Scanlon shall have its total aid under subdivision 9 increased by \$40,000 for aids payable in 2020 through 2029.

(h) The city of East Grand Forks shall have its total aid under subdivision 9 increased by \$300,000 for aids payable in 2020 through 2024.



(i) The city of Virginia shall have its total aid under subdivision 9 increased by \$5,400,000 for aids payable in 2020 only.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2020 and thereafter.

Sec. 14. Minnesota Statutes 2018, section 477A.03, subdivision 2a, is amended to read:

Subd. 2a. **Cities.** For aids payable in 2016 and 2017, the total aid paid under section 477A.013, subdivision 9, is \$519,398,012. For aids payable in 2018 and ~~thereafter 2019~~, the total aid paid under section 477A.013, subdivision 9, is \$534,398,012. For aids payable in 2020, the total aid paid under subdivision 9 is \$570,390,952. For aids payable in 2021 and thereafter, the total aid paid under section 477A.013, subdivision 9, is \$564,990,952.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2020 and thereafter.

Sec. 15. Minnesota Statutes 2018, section 477A.03, subdivision 2b, is amended to read:

Subd. 2b. **Counties.** (a) For aids payable in 2018 ~~through 2024 and 2019~~, the total aid payable under section 477A.0124, subdivision 3, is \$103,795,000, of which \$3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4, section 6. For aids payable in 2020 through 2024, the total aid payable under section 477A.0124, subdivision 3, is \$119,091,470 and is subject to the allocations under paragraph (c). For aids payable in 2025 and thereafter, the total aid payable under section 477A.0124, subdivision 3, is ~~\$100,795,000~~ \$116,091,470. Each calendar year, \$500,000 of this appropriation shall be retained by the commissioner of revenue to make reimbursements to the commissioner of management and budget for payments made under section 611.27. The reimbursements shall be to defray the additional costs associated with court-ordered counsel under section 611.27. Any retained amounts not used for reimbursement in a year shall be included in the next distribution of county need aid that is certified to the county auditors for the purpose of property tax reduction for the next taxes payable year.

(b) For aids payable in 2018 and ~~thereafter 2019~~, the total aid under section 477A.0124, subdivision 4, is \$130,873,444. For aids payable in 2020 and thereafter, the total aid under section 477A.0124, subdivision 4, is \$146,169,914. The commissioner of revenue shall transfer to the commissioner of management and budget \$207,000 annually for the cost of preparation of local impact notes as required by section 3.987, and other local government activities. The commissioner of revenue shall transfer to the commissioner of education \$7,000 annually for the cost of preparation of local impact notes for school districts as required by section 3.987. The commissioner of revenue shall deduct the amounts transferred under this paragraph from the appropriation under this paragraph. The amounts transferred are appropriated to the commissioner of management and budget and the commissioner of education respectively.

(c) For aids payable under paragraph (a) in 2020 through 2024, \$3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4, section 6. For aids payable under paragraph (a) in 2020, an additional \$750,000 must be allocated to Mahnomen County before the money appropriated to county need aid is apportioned among the counties. Of this increased aid amount allocated to Mahnomen County, one-third must be used by the county for the Mahnomen Health Center and one-third must be paid from the county to the White Earth Band of Ojibwe to reimburse the band for the costs of delivering child welfare services.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2020 and thereafter.

Sec. 16. **AID PENALTY FORGIVENESS; THE CITY OF WAUBUN.**

Notwithstanding Minnesota Statutes, section 477A.017, the city of Waubun may receive its second local government aid payment and small city assistance aid payment for aids payable in 2018 even though it did not file fiscal year 2017 financial reports with the state auditor as required under that section, provided that the required

forms are submitted to the state auditor by May 31, 2019. The commissioner of revenue shall make the payments to the city of Waubun by June 30, 2019. Up to \$56,822 of the fiscal year 2019 appropriation for local government aid in Minnesota Statutes, section 477A.03, subdivision 2, is available for payment under this section. Up to \$3,771 of the fiscal year 2019 appropriation for the small city assistance program in Laws 2017, First Special Session chapter 3, article 1, section 2, subdivision 4, clause (c), is available for payment under this section.

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

Sec. 17. **STATE FIRE AID PENALTY FORGIVENESS; AUSTIN.**

Notwithstanding any contrary provision of law, the city of Austin shall receive both its 2016 state fire aid payment under Minnesota Statutes, section 69.021, subdivision 7, and its 2016 supplemental state aid payment under Minnesota Statutes, section 423A.022, provided that the sum of the fire state aid and the supplemental state aid that the city transmitted to the Austin Parttime Firefighters Relief Association in calendar year 2015 to fund the volunteers firefighters' service pensions met or exceeded the amount required under the bylaws of that association. The commissioner of revenue shall make a payment of \$103,891.48 for the state fire aid and \$25,201.92 for the supplemental aid to the city no later than June 30, 2019. \$129,093.40 in fiscal year 2019 is appropriated from the general fund to the commissioner of revenue to make the payments under this section.

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

Sec. 18. **APPROPRIATION OF LAPSED AMOUNTS; FIRE REMEDIATION GRANTS.**

(a) \$643,729 in fiscal year 2019 is appropriated from the general fund to the commissioner of public safety for grants to remediate the effects of fires in the city of Melrose on September 8, 2016. This appropriation represents the amounts that lapsed by the terms of the appropriation in Laws 2017, First Special Session chapter 1, article 4, section 31.

(b) A grant recipient must use the money appropriated under this section for remediation costs, including disaster recovery, infrastructure, reimbursement for emergency personnel costs, reimbursement for equipment costs, and reimbursements for property tax abatements, incurred by public or private entities as a result of the fires. This is a onetime appropriation and is available until June 30, 2022.

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

Sec. 19. **APPROPRIATION.**

\$5,000 in fiscal year 2020 only is appropriated from the general fund to the commissioner of revenue for a grant of \$2,600 to the city of Mazeppa and a grant of \$2,400 to Wabasha County. The grants shall be paid by July 20, 2019, and may be used for property tax abatements and other costs incurred by public and private entities as a result of a fire in the city of Mazeppa on March 11, 2018. This is a onetime appropriation.

**EFFECTIVE DATE.** This section is effective July 1, 2019."

Amend the title accordingly

A roll call was requested and properly seconded.

Marquart moved to amend the Neu amendment to H. F. No. 2125, the second engrossment, as amended, as follows:

Page 8, line 15, delete "\$10,000,000" and insert "\$50,500,000"

Page 8, line 20, after "before" insert "January 1, 2020, and \$51,100,000 in credits to qualified investors or qualified funds for taxable years beginning after December 31, 2019, and before"

Page 20, delete section 18

Renumber the sections in sequence and correct internal references

A roll call was requested and properly seconded.

The question was taken on the Marquart amendment to the Neu amendment and the roll was called. There were 76 yeas and 53 nays as follows:

Those who voted in the affirmative were:

Acomb	Dehn	Howard	Lislegard	Noor	Sundin
Bahner	Ecklund	Huot	Loeffler	Olson	Tabke
Becker-Finn	Edelson	Klevorn	Long	Pelowski	Vang
Bernardy	Elkins	Koegel	Mahoney	Persell	Wagenius
Bierman	Fischer	Kotyza-Witthuhn	Mann	Pinto	Wazlawik
Brand	Freiberg	Kresha	Mariani	Poppe	Winkler
Cantrell	Gomez	Kunesh-Podein	Marquart	Pryor	Wolgamott
Carlson, A.	Halverson	Lee	Masin	Richardson	Xiong, J.
Carlson, L.	Hansen	Lesch	Moller	Sandell	Xiong, T.
Christensen	Hassan	Liebling	Moran	Sandstede	Youakim
Clafin	Hausman	Lien	Morrison	Sauke	Spk. Hortman
Considine	Her	Lillie	Murphy	Schultz	
Davnie	Hornstein	Lippert	Nelson, M.	Stephenson	

Those who voted in the negative were:

Albright	Dettmer	Gunther	Layman	Neu	Runbeck
Anderson	Drazkowski	Haley	Lucero	Nornes	Schomacker
Bahr	Erickson	Heinrich	Lueck	O'Driscoll	Scott
Baker	Fabian	Heintzeman	McDonald	O'Neill	Theis
Bennett	Franson	Hertaus	Mekeland	Petersburg	Torkelson
Boe	Garofalo	Johnson	Miller	Pierson	Urdahl
Daniels	Green	Jurgens	Munson	Poston	Vogel
Daudt	Grossell	Kiel	Nash	Quam	Zerwas
Davids	Gruenhagen	Koznick	Nelson, N.	Robbins	

The motion prevailed and the amendment to the amendment was adopted.

Hertaus moved to amend the Neu amendment, as amended, to H. F. No. 2125, the second engrossment, as amended, as follows:

Page 46, delete section 12 and insert:

"Sec. 12. Minnesota Statutes 2018, section 477A.013, subdivision 8, is amended to read:

Subd. 8. **City formula aid.** (a) For aids payable in ~~2018~~ 2020 and thereafter, the formula aid for a city is equal to the product of (1) the difference between its unmet need and its certified aid in the previous year and before any aid adjustment under subdivision 13, and (2) the aid gap percentage.

(b) The applicable aid gap percentage must be calculated by the Department of Revenue so that the total of the aid under subdivision ~~9~~ 16 equals the total amount available for aid under section 477A.03. The aid gap percentage must be the same for all cities subject to paragraph (a). Data used in calculating aids to cities under sections 477A.011 to 477A.013 shall be the most recently available data as of January 1 in the year in which the aid is calculated.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2020 and thereafter.

Sec. 13. Minnesota Statutes 2018, section 477A.013, subdivision 9, is amended to read:

Subd. 9. **Preliminary city aid distribution.** (a) In calendar year ~~2018~~ 2020 and thereafter, if a city's certified aid before any aid adjustment under subdivision 13 for the previous year is less than its current unmet need, the city shall receive an aid distribution equal to the sum of (1) its certified aid in the previous year before any aid adjustment under subdivision 13, (2) the city formula aid under subdivision 8, and (3) its aid adjustment under subdivision 13.

(b) For aids payable in 2018 and thereafter, if a city's certified aid before any aid adjustment under subdivision 13 for the previous year is equal to or greater than its current unmet need, the total aid for a city is equal to the greater of (1) its unmet need plus any aid adjustment under subdivision 13, or (2) the amount it was certified to receive in the previous year minus the sum of (i) any adjustment under subdivision 13 that was paid in the previous year but has expired, and (ii) the lesser of \$10 multiplied by its population, or five percent of its net levy in the year prior to the aid distribution. No city may have a total aid amount less than \$0 under this paragraph.

(c) If a city's aid distribution under paragraph (b) is equal to \$0, the city is eligible for an alternative aid distribution under subdivision 15.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2020 and thereafter."

Page 47, after line 27, insert:

"(j) Beginning with aid payable in 2019, the city of Minneapolis shall have its total aid under subdivision 9 decreased by the amount of aid it receives in the same calendar year under Minnesota Statutes, section 477A.085. For aids payable in 2019, this reduction is made from the December 26 aid payment."

Page 47, line 28, delete "2020" and insert "2019"

Page 47, after line 29, insert:

"Sec. 15. Minnesota Statutes 2018, section 477A.013, is amended by adding a subdivision to read:

Subd. 15. **Alternative per capita aid.** (a) Beginning in calendar year 2020 and thereafter, if a city's certified aid under subdivision 9 is \$0 it shall receive an aid payment under this subdivision equal to the sum of the following:

(1) a base amount equal to the lesser of \$40 multiplied by its population, or \$60,000; and

(2) a formula amount equal to its population multiplied by a per capita amount, where the per capita amount is set so that the total aid paid under this subdivision is the amount allocated for alternative aid under section 477A.03, subdivision 2a.

(b) The maximum aid for any city under this subdivision is \$120,000.

(c) Beginning with aids payable in 2021 and thereafter, the amounts of \$40 and \$60,000 in paragraph (a), clause (1), and \$120,000 in paragraph (b) shall be increased by a percent equal to the percent increase in the total limit on city aid under section 477A.03, subdivision 2a, for the payable year that is being calculated compared to the appropriation for aids payable in 2020.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2020 and thereafter.

Sec. 16. Minnesota Statutes 2018, section 477A.013, is amended by adding a subdivision to read:

Subd. 16. **Final city aid distribution.** For aids payable in 2020 and thereafter, the aid distribution for a city receiving aid under subdivision 9 is equal to the greater of the amount it would receive under subdivision 9 or the amount it would receive if it qualified for alternative aid under subdivision 15. For aids payable in 2020 and thereafter, the aid distribution for a city that receives zero aid under subdivision 9 is the alternative aid calculated under subdivision 15.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2020 and thereafter."

Page 48, line 2, before "For" insert "(a)"

Page 48, after line 6, insert:

"(b) Beginning with aids payable in 2020, \$8,240,000 of the amount appropriated in paragraph (a) will be paid as alternative aid to cities under section 477A.03, subdivision 15. For aids payable in 2021 and thereafter, the amount paid in alternative aid under section 477A.03, subdivision 15, under this paragraph shall be increased proportionately to any increase in the total amount appropriated in paragraph (a)"

Renumber the sections in sequence and correct the internal references

A roll call was requested and properly seconded.

The question was taken on the Hertaus amendment to the Neu amendment, as amended, and the roll was called. There were 54 yeas and 73 nays as follows:

Those who voted in the affirmative were:

Albright	Dettmer	Grossell	Koznick	Nash	Quam
Anderson	Drazkowski	Gruenhagen	Kresha	Nelson, N.	Robbins
Bahr	Ecklund	Haley	Layman	Neu	Schomacker
Baker	Edelson	Heinrich	Lucero	Nornes	Scott
Bennett	Erickson	Heintzeman	Lueck	O'Driscoll	Theis
Boe	Fabian	Hertaus	McDonald	O'Neill	Torkelson
Daniels	Franson	Johnson	Mekeland	Petersburg	Urdahl
Daudt	Garofalo	Jurgens	Miller	Pierson	Vogel
Davids	Green	Kiel	Munson	Poston	Zerwas

Those who voted in the negative were:

Acomb	Dehn	Huot	Mahoney	Pinto	Wagenius
Bahner	Elkins	Klevorn	Mann	Poppe	Wazlawik
Becker-Finn	Fischer	Koegel	Mariani	Pryor	Winkler
Bernardy	Freiberg	Kunesh-Podein	Marquart	Richardson	Wolgamott
Bierman	Gomez	Lee	Masin	Runbeck	Xiong, J.
Brand	Gunther	Lesch	Moller	Sandell	Xiong, T.
Cantrell	Halverson	Liebling	Moran	Sandstede	Youakim
Carlson, A.	Hansen	Lien	Morrison	Sauke	Spk. Hortman
Carlson, L.	Hassan	Lillie	Nelson, M.	Schultz	
Christensen	Hausman	Lippert	Noor	Stephenson	
Clafflin	Her	Lislegard	Olson	Sundin	
Considine	Hornstein	Loeffler	Pelowski	Tabke	
Davnie	Howard	Long	Persell	Vang	

The motion did not prevail and the amendment to the amendment was not adopted.

Neu withdrew her amendment, as amended, to H. F. No. 2125, the second engrossment, as amended.

H. F. No. 2125, A bill for an act relating to financing and operation of state and local government; providing conformity and nonconformity to certain federal tax law changes; modifying individual income and corporate franchise taxes, estate taxes, sales and use taxes, special and excise taxes, property taxes, local government aids, provisions related to local taxes, tax increment financing, and public finance, and other miscellaneous taxes and tax provisions; modifying indexing provisions; changing the starting point for state individual income tax calculation from federal taxable income to federal adjusted gross income; providing for various individual and corporate additions and subtractions to income; modifying certain allowances and adjustments to income; modifying individual income tax brackets; modifying certain income tax credits; modifying and allowing certain construction exemptions and other sales and purchases from sales and use taxes; modifying rates and definitions for certain tobacco and cigarette taxes; modifying rates and deposits for solid waste taxes; modifying provisions relating to property tax records and information; modifying certain property tax timelines; establishing property tax exemptions; allowing tax deferral for elderly living facilities; modifying homestead provisions; modifying state general levy; modifying local government and county aid; modifying approval requirements for certain local sales taxes; modifying and authorizing certain local sales taxes; authorizing Metropolitan Council bonds; requiring reports; appropriating money; amending Minnesota Statutes 2018, sections 6.495, subdivision 3; 37.31, subdivision 1; 38.27, by adding a subdivision; 103E.611, subdivision 2; 116J.8737, subdivisions 1, 2, 3, 4, 5, 6, 12; 123B.595, subdivision 5; 138.053; 144E.42, subdivision 2; 161.14, by adding a subdivision; 162.145, subdivision 3; 197.603, subdivision 2; 270A.03, subdivision 5; 270B.08, subdivision 2; 270C.13, subdivision 2; 270C.21; 270C.445, subdivision 6; 270C.85, subdivision 2; 270C.89, subdivisions 1, 2; 270C.91; 272.02, subdivisions 27, 49, 81, by adding subdivisions; 272.115, subdivision 1; 273.032; 273.061, subdivision 9; 273.0755; 273.113, subdivision 3; 273.119, subdivision 2; 273.1231, subdivision 3; 273.124, subdivisions 3a, 13, 14, 21, by adding a subdivision; 273.1245, subdivision 2; 273.13, subdivisions 22, 23, 34, 35; 273.136, subdivision 2; 273.1384, subdivisions 2, 3; 273.1385, subdivision 4; 273.1387, subdivisions 2, 3; 273.18; 273.371, subdivision 1; 274.14; 274.16; 275.025, subdivision 1; 282.01, subdivision 6; 287.21, subdivision 1; 289A.08, subdivisions 1, 6, 7, by adding a subdivision; 289A.10, subdivision 1; 289A.11, by adding a subdivision; 289A.20, by adding a subdivision; 289A.25, subdivision 1; 289A.31, subdivisions 1, 2; 289A.37, subdivisions 2, 6; 289A.38, subdivisions 7, 10; 289A.42; 289A.60, subdivisions 24, 29; 290.01, subdivisions 4a, 29a, 31, by adding subdivisions; 290.0131, subdivisions 1, 3, by adding subdivisions; 290.0132, subdivisions 1, 7, 18, 19, 20, 26, by adding subdivisions; 290.0133, subdivision 6; 290.0134, by adding subdivisions; 290.0137; 290.032, subdivision 2; 290.05, subdivisions 1, 3; 290.06, subdivisions 2c, 2d, 2h; 290.067, subdivision 2b; 290.0671, subdivisions 1, 7; 290.0672, subdivision 2; 290.0675, subdivision 1; 290.0677, subdivision 1a; 290.0681, subdivisions 1, 2; 290.0682, subdivisions 1, 2; 290.0684, subdivision 2;

290.0685, subdivision 1, by adding a subdivision; 290.0802, subdivisions 2, 3; 290.091, subdivisions 2, 3; 290.0921, subdivisions 2, 3; 290.0922, subdivision 1; 290.095, subdivision 2; 290.17, subdivision 4, by adding subdivisions; 290.191, subdivision 5; 290.21, subdivision 4, by adding a subdivision; 290.31, subdivision 1; 290.92, subdivisions 1, 5, 28; 290A.03, subdivisions 3, 4, 8, 12, 13; 290A.04, subdivisions 2, 2a, 4; 290A.05; 290A.08; 290A.09; 290A.19; 290B.04, subdivision 1; 290B.09, subdivision 1; 291.016, subdivision 3; 295.50, subdivisions 3, 4, 9b, 14, 15, by adding subdivisions; 295.53, subdivision 1; 295.57, subdivision 5; 295.582, subdivision 1; 295.75, subdivision 4; 296A.03, subdivision 3; 296A.13; 297A.61, subdivision 18; 297A.66, subdivisions 1, 2, 3; 297A.67, subdivisions 6, 12, 28, by adding a subdivision; 297A.68, subdivisions 17, 25, 29, 42, 44, by adding a subdivision; 297A.70, subdivisions 3, 4, 10, 16, 20, by adding subdivisions; 297A.71, subdivisions 22, 45, 50, by adding subdivisions; 297A.75, subdivisions 1, 2; 297A.77, by adding a subdivision; 297A.83, subdivision 1; 297A.84; 297A.85; 297A.99, subdivisions 1, 2, 3, by adding a subdivision; 297A.993, subdivisions 1, 2, by adding a subdivision; 297B.01, subdivisions 14, 16; 297B.03; 297F.01, subdivisions 19, 23, by adding a subdivision; 297F.05, by adding a subdivision; 297F.08, subdivisions 8, 9; 297F.17, subdivision 6; 297G.07, subdivision 1; 297G.16, subdivision 7; 297H.02, subdivision 2; 297H.03, subdivision 2; 297H.04, subdivision 2; 297H.05; 297H.13, subdivision 2; 297I.20, subdivision 3; 298.018, subdivision 1, by adding a subdivision; 298.225, subdivision 1; 298.28, subdivision 3; 298.282, subdivision 1; 353G.01, subdivision 9; 353G.05, subdivision 2; 353G.08, subdivisions 1, 1a; 353G.17, subdivision 2; 356.20, subdivision 4a; 356.219, subdivision 8; 423A.02, subdivisions 1b, 3; 423A.022, subdivisions 2, 4; 424A.016, subdivisions 2, 4; 424A.02, subdivisions 1, 3a, 10; 424A.03, subdivision 2; 424A.05, subdivisions 2, 3, by adding a subdivision; 424A.07; 424A.091, subdivision 3; 424A.092, subdivisions 3, 4; 424A.093, subdivision 5; 424B.09; 462D.03, subdivision 2; 469.169, by adding a subdivision; 469.171, subdivision 4; 469.177, subdivision 1; 469.190, subdivisions 1, 7; 469.316, subdivision 1; 469.319, subdivision 4; 471.831; 473.39, subdivision 6, by adding a subdivision; 473H.08, subdivisions 1, 4, by adding a subdivision; 475.521, subdivision 1; 477A.011, subdivision 45; 477A.013, subdivisions 9, 13; 477A.03, subdivisions 2a, 2b; Minnesota Statutes 2019 Supplement, sections 289A.02, subdivision 7; 289A.12, subdivision 14; 289A.35; 290.01, subdivision 19; 290.0131, subdivision 10; 290.0132, subdivision 21; 290.0133, subdivision 12; 290.0672, subdivision 1; 290.0684, subdivision 1; 290.091, subdivision 2; 290.17, subdivision 2; 290A.03, subdivision 15; 291.005, subdivision 1; 462D.06, subdivisions 1, 2; Laws 1980, chapter 511, section 1, subdivision 1; Laws 1986, chapter 396, section 5, as amended; Laws 1986, chapter 462, section 31, as amended; Laws 1994, chapter 587, article 9, section 11; Laws 1998, chapter 389, article 8, section 45, subdivisions 1, 3, as amended, 4, 5; Laws 2008, chapter 366, article 5, sections 26, as amended; 33, as amended; Laws 2009, chapter 88, article 2, section 46, subdivisions 1, as amended, 2, 3, as amended, 4, 5; Laws 2011, First Special Session chapter 7, article 4, section 10, subdivision 3; Laws 2014, chapter 308, article 6, section 8, subdivisions 1, as amended, 3; Laws 2017, First Special Session chapter 1, article 3, sections 26; 32; article 8, section 3; article 10, section 4; Laws 2018, chapter 211, article 14, section 26; proposing coding for new law in Minnesota Statutes, chapters 16A; 270C; 273; 289A; 290; 290A; 297H; 297I; 424A; 469; proposing coding for new law as Minnesota Statutes, chapters 477B; 477C; repealing Minnesota Statutes 2018, sections 37.31, subdivision 8; 69.011, subdivisions 1, 2, 2b, 2c, 3, 4; 69.021, subdivisions 1, 2, 3, 4, 5, 7, 7a, 8, 9, 10, 11; 69.022; 69.031, subdivisions 1, 3, 5; 69.041; 69.051, subdivisions 1, 1a, 1b, 2, 3, 4; 69.33; 69.80; 270C.131; 275.29; 289A.38, subdivisions 7, 8, 9; 290.0131, subdivisions 7, 11, 12, 13; 290.0132, subdivision 8; 290.0133, subdivisions 13, 14; 290.10, subdivision 2; 296A.03, subdivision 5; 296A.04, subdivision 2; 296A.05, subdivision 2; 297A.66, subdivision 4b; 297F.08, subdivision 5; 297I.25, subdivision 2; Minnesota Rules, part 8125.0410, subpart 1.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 74 yeas and 55 nays as follows:

Those who voted in the affirmative were:

Acomb	Bierman	Carlson, L.	Davnie	Fischer	Hansen
Bahner	Brand	Christensen	Dehn	Freiberg	Hassan
Becker-Finn	Cantrell	Clafflin	Ecklund	Gomez	Hausman
Bernardy	Carlson, A.	Considine	Elkins	Halverson	Her

Hornstein	Liebling	Mariani	Olson	Sauke	Wolgamott
Howard	Lien	Marquart	Pelowski	Schultz	Xiong, J.
Huot	Lillie	Masin	Persell	Stephenson	Xiong, T.
Klevorn	Lippert	Moller	Pinto	Sundin	Youakim
Koegel	Lislegard	Moran	Poppe	Tabke	Spk. Hortman
Kotzya-Witthuhn	Loeffler	Morrison	Pryor	Vang	
Kunesh-Podein	Long	Murphy	Richardson	Wagenius	
Lee	Mahoney	Nelson, M.	Sandell	Wazlawik	
Lesch	Mann	Noor	Sandstede	Winkler	

Those who voted in the negative were:

Albright	Drazkowski	Haley	Lucero	O'Driscoll	Theis
Anderson	Edelson	Heinrich	Lueck	O'Neill	Torkelson
Bahr	Erickson	Heintzeman	McDonald	Petersburg	Urdahl
Baker	Fabian	Hertaus	Mekeland	Pierson	Vogel
Bennett	Franson	Johnson	Miller	Poston	Zerwas
Boe	Garofalo	Jurgens	Munson	Quam	
Daniels	Green	Kiel	Nash	Robbins	
Daudt	Grossell	Koznick	Nelson, N.	Runbeck	
Davids	Gruenhagen	Kresha	Neu	Schomacker	
Dettmer	Gunther	Layman	Nornes	Scott	

The bill was passed, as amended, and its title agreed to.

There being no objection, the order of business reverted to Messages from the Senate.

### MESSAGES FROM THE SENATE

The following message was received from the Senate:

Madam Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 2227.

CAL R. LUDEMAN, Secretary of the Senate

### FIRST READING OF SENATE BILLS

S. F. No. 2227, A bill for an act relating to the operation of state government; appropriating money for the legislature, governor's office, state auditor, attorney general, secretary of state, certain agencies, boards, councils, and retirement funds; changing provisions in state government operations; establishing commissions and task forces; repealing state aid to PERA General for MERF; establishing observances for veterans and allies; requiring reports; amending Minnesota Statutes 2018, sections 3.855, subdivision 2, by adding a subdivision; 3.97, subdivision 3a; 3.971, subdivision 9; 6.481, subdivisions 1, 3; 13.599, by adding a subdivision; 15A.083, subdivision 6a; 16A.103,



subdivision 1a; 16A.11, subdivision 3; 16E.01, subdivision 1a; 16E.016; 16E.03, subdivisions 1, 2, by adding subdivisions; 16E.035; 16E.0466, subdivision 1; 16E.05, subdivision 3; 16E.14, subdivision 3; 16E.18, subdivision 6; 43A.01, by adding a subdivision; 43A.15, subdivision 14; 43A.191, subdivisions 2, 3; 179A.20, by adding a subdivision; 196.05, subdivision 1; 240.01, by adding a subdivision; 240.02, subdivisions 2, 6; 240.08, subdivision 5; 240.10; 240.12; 240.13, subdivision 5; 240.131, subdivision 7; 240.135; 240.16, subdivisions 1, 2; 240.18, subdivisions 2, 3; 240.22; 240.27; 240A.09; 326A.01, subdivision 2; 326A.04, subdivisions 4, 5; 326A.08, subdivisions 4, 5, by adding a subdivision; 326A.10; 349.12, subdivision 2; 349.17, subdivision 6; 349.181, subdivision 5; 349.19, subdivisions 1, 2; 353.27, subdivision 3c; 645.071; Laws 2016, chapter 189, article 13, section 64; Laws 2018, chapter 100, section 1; proposing coding for new law in Minnesota Statutes, chapters 3; 5; 10; 14; 15; 16A; 16E; 326A; repealing Minnesota Statutes 2018, sections 3.9735; 353.505.

The bill was read for the first time.

Nelson, M., moved that S. F. No. 2227 and H. F. No. 1935, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

#### ADJOURNMENT

Winkler moved that when the House adjourns today it adjourn until 9:00 a.m., Friday, April 26, 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., Friday, April 26, 2019.

PATRICK D. MURPHY, Chief Clerk, House of Representatives

