

STATE OF MINNESOTA

Journal of the House

NINETY-THIRD SESSION — 2024

ONE HUNDRED FOURTH DAY

SAINT PAUL, MINNESOTA, WEDNESDAY, APRIL 24, 2024

The House of Representatives convened at 2:00 p.m. and was called to order by Laurie Pryor, Speaker pro tempore.

Prayer was offered by Pastor David Bjorklund, St. Mark's Evangelical Lutheran Church, North 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	Demuth	Her	Koznick	Noor	Skraba
Agbaje	Dotseth	Hicks	Kraft	Norris	Smith
Altendorf	Edelson	Hill	Kresha	Novotny	Swedzinski
Anderson, P. E.	Elkins	Hollins	Lawrence	O'Driscoll	Tabke
Anderson, P. H.	Engen	Hornstein	Lee, F.	Olson, B.	Torkelson
Backer	Feist	Howard	Lee, K.	Olson, L.	Urdahl
Bahner	Finke	Hudella	Liebling	Pelowski	Vang
Bakeberg	Fischer	Hudson	Lillie	Pérez-Vega	Virmig
Baker	Fogelman	Huot	Lislegard	Perryman	West
Becker-Finn	Franson	Hussein	Long	Petersburg	Wiener
Berg	Frazier	Igo	Mekeland	Pfarr	Wiens
Bierman	Frederick	Jacob	Moller	Pinto	Witte
Brand	Freiberg	Johnson	Mueller	Pryor	Wolgamott
Burkel	Garofalo	Jordan	Murphy	Pursell	Xiong
Carroll	Gillman	Joy	Myers	Quam	Youakim
Cha	Grossell	Keeler	Nadeau	Rarick	Zeleznikar
Clardy	Hansen, R.	Kiel	Nash	Reyer	Spk. Hortman
Coulter	Hanson, J.	Klevorn	Nelson, M.	Robbins	
Curran	Harder	Knudsen	Nelson, N.	Schomacker	
Daniels	Hassan	Koegel	Neu Brindley	Schultz	
Davids	Heintzeman	Kotyza-Witthuhn	Newton	Scott	
Davis	Hemmingsen-Jaeger	Kozlowski	Niska	Sencer-Mura	

A quorum was present.

Bliss, McDonald, Rehm and Stephenson were excused.

Gomez and Greenman were excused until 4:15 p.m. Bennett was excused until 4:30 p.m.

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

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REPORTS OF CHIEF CLERK

S. F. No. 3204 and H. F. No. 3182, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Olson, L., moved that S. F. No. 3204 be substituted for H. F. No. 3182 and that the House File be indefinitely postponed. The motion prevailed.

PETITIONS AND COMMUNICATIONS

The following communications were received:

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

April 17, 2024

The Honorable Melissa Hortman
Speaker of the House of Representatives
The State of Minnesota

Dear Speaker Hortman:

Please be advised that I have received, approved, signed, and deposited in the Office of the Secretary of State the following House

H. F. No. 3589, relating to trusts; clarifying in rem jurisdiction for judicial proceedings.

Sincerely,

TIM WALZ
Governor

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

The Honorable Melissa Hortman
Speaker of the House of Representatives

The Honorable Bobby Joe Champion
President of the Senate

I have the honor to inform you that the following enrolled Act of the 2024 Session of the State Legislature has been received from the Office of the Governor and is deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

<i>S. F. No.</i>	<i>H. F. No.</i>	<i>Session Laws Chapter No.</i>	<i>Time and Date Approved 2024</i>	<i>Date Filed 2024</i>
	3589	87	10:31 a.m. April 17	April 17

Sincerely,

STEVE SIMON
Secretary of State

REPORTS OF STANDING COMMITTEES AND DIVISIONS

Pinto from the Committee on Children and Families Finance and Policy to which was referred:

H. F. No. 2476, A bill for an act relating to child care assistance; removing obsolete language; amending Minnesota Statutes 2022, section 245H.03, subdivision 1.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1 CHILD PROTECTION AND SUPPORT

Section 1. Minnesota Statutes 2023 Supplement, section 256.01, subdivision 12b, is amended to read:

Subd. 12b. **Department of Human Services systemic critical incident review team.** (a) The commissioner may establish a Department of Human Services systemic critical incident review team to review (1) critical incidents reported as required under section 626.557 for which the Department of Human Services is responsible under section 626.5572, subdivision 13; chapter 245D; or Minnesota Rules, chapter 9544; or (2) child fatalities and near fatalities that occur in licensed facilities and are not due to natural causes. When reviewing a critical incident, the systemic critical incident review team shall identify systemic influences to the incident rather than determine the culpability of any actors involved in the incident. The systemic critical incident review may assess the entire critical incident process from the point of an entity reporting the critical incident through the ongoing case management process. Department staff shall lead and conduct the reviews and may utilize county staff as reviewers. The systemic critical incident review process may include but is not limited to:

(1) data collection about the incident and actors involved. Data may include the relevant critical services; the service provider's policies and procedures applicable to the incident; the community support plan as defined in section 245D.02, subdivision 4b, for the person receiving services; or an interview of an actor involved in the critical incident or the review of the critical incident. Actors may include:

- (i) staff of the provider agency;
- (ii) lead agency staff administering home and community-based services delivered by the provider;
- (iii) Department of Human Services staff with oversight of home and community-based services;

(iv) Department of Health staff with oversight of home and community-based services;

(v) members of the community including advocates, legal representatives, health care providers, pharmacy staff, or others with knowledge of the incident or the actors in the incident; and

(vi) staff from the Office of the Ombudsman for Mental Health and Developmental Disabilities and the Office of Ombudsman for Long-Term Care;

(2) systemic mapping of the critical incident. The team conducting the systemic mapping of the incident may include any actors identified in clause (1), designated representatives of other provider agencies, regional teams, and representatives of the local regional quality council identified in section 256B.097; and

(3) analysis of the case for systemic influences.

Data collected by the critical incident review team shall be aggregated and provided to regional teams, participating regional quality councils, and the commissioner. The regional teams and quality councils shall analyze the data and make recommendations to the commissioner regarding systemic changes that would decrease the number and severity of critical incidents in the future or improve the quality of the home and community-based service system.

(b) Cases selected for the systemic critical incident review process shall be selected by a selection committee among the following critical incident categories:

(1) cases of caregiver neglect identified in section 626.5572, subdivision 17;

(2) cases involving financial exploitation identified in section 626.5572, subdivision 9;

(3) incidents identified in section 245D.02, subdivision 11;

(4) behavior interventions identified in Minnesota Rules, part 9544.0110;

(5) service terminations reported to the department in accordance with section 245D.10, subdivision 3a; and

(6) other incidents determined by the commissioner.

(c) The systemic critical incident review under this section shall not replace the process for screening or investigating cases of alleged maltreatment of an adult under section 626.557 or of a child under chapter 260E. The department may select cases for systemic critical incident review, under the jurisdiction of the commissioner, reported for suspected maltreatment and closed following initial or final disposition.

(d) The proceedings and records of the review team are confidential data on individuals or protected nonpublic data as defined in section 13.02, subdivisions 3 and 13. Data that document a person's opinions formed as a result of the review are not subject to discovery or introduction into evidence in a civil or criminal action against a professional, the state, or a county agency arising out of the matters that the team is reviewing. Information, documents, and records otherwise available from other sources are not immune from discovery or use in a civil or criminal action solely because the information, documents, and records were assessed or presented during proceedings of the review team. A person who presented information before the systemic critical incident review team or who is a member of the team shall not be prevented from testifying about matters within the person's knowledge. In a civil or criminal proceeding, a person shall not be questioned about opinions formed by the person as a result of the review.

(e) By October 1 of each year, the commissioner shall prepare an annual public report containing the following information:

(1) the number of cases reviewed under each critical incident category identified in paragraph (b) and a geographical description of where cases under each category originated;

(2) an aggregate summary of the systemic themes from the critical incidents examined by the critical incident review team during the previous year;

(3) a synopsis of the conclusions, incident analyses, or exploratory activities taken in regard to the critical incidents examined by the critical incident review team; and

(4) recommendations made to the commissioner regarding systemic changes that could decrease the number and severity of critical incidents in the future or improve the quality of the home and community-based service system.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 2. Minnesota Statutes 2022, section 256N.26, subdivision 12, is amended to read:

Subd. 12. **Treatment of Supplemental Security Income.** (a) If a child placed in foster care receives benefits through Supplemental Security Income (SSI) at the time of foster care placement or subsequent to placement in foster care, the financially responsible agency may apply to be the payee for the child for the duration of the child's placement in foster care. If a child continues to be eligible for SSI after finalization of the adoption or transfer of permanent legal and physical custody and is determined to be eligible for a payment under Northstar Care for Children, a permanent caregiver may choose to receive payment from both programs simultaneously. The permanent caregiver is responsible to report the amount of the payment to the Social Security Administration and the SSI payment will be reduced as required by the Social Security Administration.

(b) If a financially responsible agency applies to be the payee for a child who receives benefits through SSI, or receives the benefits under this subdivision on behalf of a child, the financially responsible agency must provide written notice by certified mail, return receipt requested to:

(1) the child, if the child is 13 years of age or older;

(2) the child's next of kin;

(3) the guardian ad litem;

(4) the legally responsible agency; and

(5) the counsel appointed for the child pursuant to section 260C.163, subdivision 3.

(c) If a financially responsible agency receives benefits under this subdivision on behalf of a child 13 years of age or older, the legally responsible agency and the guardian ad litem must disclose this information to the child in person in a manner that best helps the child understand the information. This paragraph does not apply in circumstances where the child is living outside of Minnesota.

(d) If a financially responsible agency receives the benefits under this subdivision on behalf of a child, it cannot use those funds for any other purpose than the care of that child. The financially responsible agency must not commingle any benefits received under this subdivision and must not put the benefits received on behalf of a child under this subdivision into a general fund.

(e) If a financially responsible agency receives any benefits under this subdivision, it must keep a record of:

(1) the total dollar amount it received on behalf of all children it receives benefits for;

(2) the total number of children it applied to be a payee for; and

(3) the total number of children it received benefits for.

(f) By July 1, 2025, and each July 1 thereafter, each financially responsible agency must submit a report to the commissioner of human services that includes the information required under paragraph (e). By September 1 of each year, the commissioner must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over child protection that compiles the information provided to the commissioner by each financially responsible agency under paragraph (e); subdivision 13, paragraph (e); and section 260C.331, subdivision 7, paragraph (d).

Sec. 3. Minnesota Statutes 2022, section 256N.26, subdivision 13, is amended to read:

Subd. 13. **Treatment of retirement, survivor's, and disability insurance, veteran's benefits, railroad retirement benefits, and black lung benefits.** (a) If a child placed in foster care receives retirement, survivor's, and disability insurance, veteran's benefits, railroad retirement benefits, or black lung benefits at the time of foster care placement or subsequent to placement in foster care, the financially responsible agency may apply to be the payee for the child for the duration of the child's placement in foster care. If it is anticipated that a child will be eligible to receive retirement, survivor's, and disability insurance, veteran's benefits, railroad retirement benefits, or black lung benefits after finalization of the adoption or assignment of permanent legal and physical custody, the permanent caregiver shall apply to be the payee of those benefits on the child's behalf.

(b) If the financially responsible agency applies to be the payee for a child who receives retirement, survivor's, and disability insurance, veteran's benefits, railroad retirement benefits, or black lung benefits, or receives the benefits under this subdivision on behalf of a child, the financially responsible agency must provide written notice by certified mail, return receipt requested to:

(1) the child, if the child is 13 years of age or older;

(2) the child's next of kin;

(3) the guardian ad litem;

(4) the legally responsible agency; and

(5) the counsel appointed for the child pursuant to section 260C.163, subdivision 3.

(c) If a financially responsible agency receives benefits under this subdivision on behalf of a child 13 years of age or older, the legally responsible agency and the guardian ad litem must disclose this information to the child in person in a manner that best helps the child understand the information. This paragraph does not apply in circumstances where the child is living outside of Minnesota.

(d) If a financially responsible agency receives the benefits under this subdivision on behalf of a child, it cannot use those funds for any other purpose than the care of that child. The financially responsible agency must not commingle any benefits received under this subdivision and must not put the benefits received on behalf of a child under this subdivision into a general fund.

(e) If a financially responsible agency receives any benefits under this subdivision, it must keep a record of:

(1) the total dollar amount it received on behalf of all children it receives benefits for;

(2) the total number of children it applied to be a payee for; and

(3) the total number of children it received benefits for.

(f) By January 1 of each year, each financially responsible agency must submit a report to the commissioner of human services that includes the information required under paragraph (e).

Sec. 4. Minnesota Statutes 2022, section 260C.331, is amended by adding a subdivision to read:

Subd. 7. **Notice.** (a) If the responsible social services agency receives retirement, survivor's, and disability insurance, Supplemental Security Income, veteran's benefits, railroad retirement benefits, or black lung benefits on behalf of a child, it must provide written notice by certified mail, return receipt requested to:

(1) the child, if the child is 13 years of age or older;

(2) the child's next of kin;

(3) the guardian ad litem;

(4) the legally responsible agency as defined in section 256N.02, if different than the responsible social services agency; and

(5) the counsel appointed for the child pursuant to section 260C.163, subdivision 3.

(b) If the responsible social services agency receives benefits under this subdivision on behalf of a child 13 years of age or older, the legally responsible agency as defined in section 256N.02, subdivision 14, if different, and the guardian ad litem must disclose this information to the child in person in a manner that best helps the child understand the information. This paragraph does not apply in circumstances where the child is living outside of Minnesota.

(c) If the responsible social services agency receives the benefits listed under this subdivision on behalf of a child, it cannot use those funds for any other purpose than the care of that child. The responsible social services agency must not commingle any benefits received under this subdivision and must not put the benefits received on behalf of a child into a general fund.

(d) If the responsible social services agency receives any benefits listed under this subdivision, it must keep a record of the total dollar amount it received on behalf of all children it receives benefits for and the total number of children it receives benefits for. By July 1, 2025, and each July 1 thereafter, the responsible social services agency must submit a report to the commissioner that includes the information required under this paragraph.

Sec. 5. **[260E.39] CHILD FATALITY AND NEAR FATALITY REVIEW.**

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

(1) "critical incident" means a child fatality or near fatality in which maltreatment was a known or suspected contributing cause;

(2) "joint review" means the critical incident review conducted by the child mortality review panel jointly with the local review team under subdivision 4, paragraph (b);

(3) "local review" means the local critical incident review conducted by the local review team under subdivision 4, paragraph (c);

(4) "local review team" means a local child mortality review team established under subdivision 2; and

(5) "panel" means the child mortality review panel established under subdivision 3.

Subd. 2. Local child mortality review teams. (a) Each county shall establish a multidisciplinary local child mortality review team and shall participate in local critical incident reviews that are based on safety science principles to support a culture of learning. The local welfare agency's child protection team may serve as the local review team. The local review team shall include but not be limited to professionals with knowledge of the critical incident being reviewed and, if the critical incident being reviewed involved an Indian child as defined in section 260.755, subdivision 8, at least one representative from the child's Tribe.

(b) The local review team shall conduct reviews of critical incidents jointly with the child mortality review panel or as otherwise required under subdivision 4, paragraph (c).

Subd. 3. Child mortality review panel; establishment and membership. (a) The commissioner shall establish a child mortality review panel to review critical incidents attributed to child maltreatment. The purpose of the panel is to identify systemic changes to improve child safety and well-being and recommend modifications in statute, rule, policy, and procedure.

(b) The panel shall consist of:

(1) the commissioner of children, youth, and families, or a designee;

(2) the commissioner of human services, or a designee;

(3) the commissioner of health, or a designee;

(4) the commissioner of education, or a designee;

(5) a judge, appointed by the Minnesota judicial branch; and

(6) other members appointed by the governor, including but not limited to:

(i) a physician who is a medical examiner;

(ii) a physician who is a child abuse specialist pediatrician;

(iii) a county attorney who works on child protection cases;

(iv) two current child protection supervisors for local welfare agencies, each of whom has previous experience as a frontline child protection worker;

(v) a current local welfare agency director who has previous experience as a frontline child protection worker or supervisor;

(vi) two current child protection supervisors or directors for Tribal child welfare agencies, each of whom has previous experience as a frontline child protection worker or supervisor;

(vii) a county or Tribal public health worker; and

(viii) a member representing law enforcement.

(c) The governor shall designate one member as chair of the panel from the members listed in paragraph (b), clauses (5) and (6).

(d) Members of the panel shall serve terms of four years for an unlimited number of terms. A member of the panel may be removed by the appointing authority for the member.

(e) The commissioner shall employ an executive director for the panel to:

(1) provide administrative support to the panel and the chair, including providing the panel with critical incident notices submitted by local welfare agencies;

(2) compile and synthesize information for the panel;

(3) draft recommendations and reports for the panel's final approval; and

(4) conduct or otherwise direct training and consultation under subdivision 7.

Subd. 4. Critical incident review process. (a) A local welfare agency that has determined that maltreatment was the cause of or a contributing factor in a critical incident must notify the commissioner and the executive director of the panel within three business days of making the determination.

(b) The panel shall conduct a joint review with the local review team for:

(1) any critical incident relating to a family, child, or caregiver involved in a local welfare agency family assessment or investigation within the 12 months preceding the critical incident;

(2) a critical incident the governor or commissioner directs the panel to review; and

(3) any other critical incident the panel chooses for review.

(c) The local review team must review all critical incident cases not subject to joint review under paragraph (b).

(d) Within 120 days of initiating a joint review or local review of a critical incident, except as provided under paragraph (h), the panel or local review team shall complete the joint review or local review and compile a report. The report must include any systemic learnings that may increase child safety and well-being, and may include policy or practice considerations for systems changes that may improve child well-being and safety.

(e) A local review team must provide its report following a local review to the panel within three business days after the report is complete. After receiving the local review team report, the panel may conduct a further joint review.

(f) Following the panel's joint review or after receiving a local review team report, the panel may make recommendations to any state or local agency, branch of government, or system partner to improve child safety and well-being.

(g) The commissioner shall conduct additional information gathering as requested by the panel or the local review team. The commissioner must conduct information gathering for all cases for which the panel requests assistance. The commissioner shall compile a summary report for each critical incident for which information gathering is conducted and provide the report to the panel and the local welfare agency that reported the critical incident.

(h) If the panel or local review team requests information gathering from the commissioner, the panel or local review team may conduct the joint review or local review and compile its report under paragraph (d) after receiving the commissioner's summary information-gathering report. The timeline for a local or joint review under paragraph (d) may be extended if the panel or local review team requests additional information gathering to complete their review. If the local review team extends the timeline for its review and report, the local welfare agency must notify the executive director of the panel of the extension and the expected completion date.

(i) The review of any critical incident shall proceed as specified in this section, regardless of the status of any pending litigation or other active investigation.

Subd. 5. Critical incident reviews; data practices and immunity. (a) In conducting reviews, the panel, the local review team, and the commissioner shall have access to not public data under chapter 13 maintained by state agencies, statewide systems, or political subdivisions that are related to the child's critical incident or circumstances surrounding the care of the child. The panel, the local review team, and the commissioner shall also have access to records of private hospitals as necessary to carry out the duties prescribed by this section. A state agency, statewide system, or political subdivision shall provide the data upon request from the commissioner. Not public data may be shared with members of the panel, a local review team, or the commissioner in connection with an individual case.

(b) Notwithstanding the data's classification in the possession of any other agency, data acquired by a local review team, the panel, or the commissioner in the exercise of their duties are protected nonpublic or confidential data as defined in section 13.02 but may be disclosed as necessary to carry out the duties of the review team, panel, or commissioner. The data are not subject to subpoena or discovery.

(c) The commissioner shall disclose information regarding a critical incident upon request but shall not disclose data that was classified as confidential or private data on decedents under section 13.10 or private, confidential, or protected nonpublic data in the disseminating agency, except that the commissioner may disclose local social service agency data as provided in section 260E.35 on individual cases involving a critical incident with a person served by the local social service agency prior to the date of the critical incident.

(d) A person attending a local review team or child mortality review panel meeting shall not disclose what transpired at the meeting except to carry out the purposes of the local review team or panel. The commissioner shall not disclose what transpired during its information-gathering process except to carry out the duties of the commissioner. The proceedings and records of the local review team, the panel, and the commissioner are protected nonpublic data as defined in section 13.02, subdivision 13, and are not subject to discovery or introduction into evidence in a civil or criminal action. Information, documents, and records otherwise available from other sources are not immune from discovery or use in a civil or criminal action solely because they were presented during proceedings of the local review team, the panel, or the commissioner.

(e) A person who presented information before the local review team, the panel, or the commissioner or who is a member of the local review team or the panel, or an employee conducting information gathering as designated by the commissioner, shall not be prevented from testifying about matters within the person's knowledge. However, in a civil or criminal proceeding, a person may not be questioned about the person's presentation of information to the local review team, the panel, or the commissioner, or about the information reviewed or discussed during a critical incident review or the information-gathering process, any conclusions drawn or recommendations made related to information gathering or a critical incident review, or opinions formed by the person as a result of the panel or review team meetings.

(f) A person who presented information before the local review team, the panel, or the commissioner, or who is a member of the local review team or the panel, or an employee conducting information gathering as designated by the commissioner, is immune from any civil or criminal liability that might otherwise result from the person's presentation or statements if the person was acting in good faith and assisting with information gathering or in a critical incident review under this section.

Subd. 6. **Child mortality review panel; annual report.** Beginning December 15, 2026, and on or before December 15 annually thereafter, the commissioner shall publish a report of the child mortality review panel. The report shall include but not be limited to de-identified summary data on the number of critical incidents reported to the panel, the number of critical incidents reviewed by the panel and local review teams, and systemic learnings identified by the panel or local review teams during the period covered by the report. The report shall also include recommendations on improving the child protection system, including modifications to statutes, rules, policies, and procedures. The panel may make recommendations to the legislature or any state or local agency at any time, outside of its annual report.

Subd. 7. **Local welfare agency critical incident review training.** The commissioner shall provide training and support to local review teams and the panel to assist with local or joint review processes and procedures. The commissioner shall also provide consultation to local review teams and the panel conducting local or joint reviews pursuant to this section.

Subd. 8. **Culture of learning and improvement.** The local review teams and panel shall advance and support a culture of learning and improvement within Minnesota's child welfare system.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 6. Minnesota Statutes 2023 Supplement, section 518A.42, subdivision 3, is amended to read:

Subd. 3. **Exception.** ~~(a) This section~~ The minimum basic support amount under subdivision 2 does not apply to an obligor who is incarcerated ~~or is a recipient of a general assistance grant, Supplemental Security Income, temporary assistance for needy families (TANF) grant, or comparable state-funded Minnesota family investment program (MFIP) benefits.~~

(b) The minimum basic support amount under subdivision 2 does not apply to an obligor who is a recipient of:

(1) a general assistance grant;

(2) Supplemental Security Income;

(3) a Temporary Assistance for Needy Families (TANF) grant; or

(4) comparable state-funded Minnesota family investment program (MFIP) benefits.

~~(b)~~ (c) If the court finds the obligor receives no income and completely lacks the ability to earn income, the minimum basic support amount under ~~this~~ this subdivision 2 does not apply.

~~(c)~~ (d) If the obligor's basic support amount is reduced below the minimum basic support amount due to the application of the parenting expense adjustment, the minimum basic support amount under ~~this~~ this subdivision 2 does not apply and the lesser amount is the guideline basic support.

Sec. 7. Laws 2023, chapter 70, article 14, section 42, is amended by adding a subdivision to read:

Subd. 9. **Compensation.** Compensation of board members is governed by Minnesota Statutes, section 15.0575.

Sec. 8. **SUPREME COURT COUNCIL ON CHILD PROTECTION.**

Subdivision 1. **Establishment.** The chief justice of the supreme court is invited to establish a Supreme Court Council on Child Protection as part of Minnesota's Court Improvement Program, the Children's Justice Initiative, authorized under Public Law 116-260, Division CC, title III, section 305, of the Consolidated Appropriations Act of 2021, to develop a comprehensive blueprint to improve Minnesota's child protection system.

Subd. 2. **Membership.** The council must consist of the following members:

(1) the chief justice of the supreme court or a designee;

(2) the commissioner of children, youth, and families, or a designee;

(3) two members of the house of representatives, one appointed by the speaker of the house and one appointed by the house minority leader;

(4) two members of the senate, one appointed by the senate majority leader and one appointed by the senate minority leader;

(5) members representing Indian Tribes, including Tribal courts, appointed by the executive board of the Minnesota Indian Affairs Council;

(6) professionals, including law enforcement officers, with substantial experience responding to reports of child maltreatment, appointed by the chief justice of the supreme court;

(7) professionals with experience providing child protective services, foster care, adoption services, and postpermanency services, appointed by the chief justice of the supreme court;

(8) legal professionals and guardians ad litem with significant experience in juvenile protection matters, appointed by the chief justice of the supreme court;

(9) educational professionals, including professionals with experience in early childhood education and providing educational services to children with disabilities, appointed by the chief justice of the supreme court;

(10) professionals from nonprofit community organizations with experience providing services and supports to children, parents, and relatives involved in child maltreatment and juvenile protection matters, appointed by the chief justice of the supreme court;

(11) professionals with expertise on childhood trauma and adverse childhood experiences, appointed by the chief justice of the supreme court;

(12) professionals with expertise providing services to persons with disabilities involved with the child protection system, appointed by the chief justice of the supreme court; and

(13) persons with lived experience as a parent or child involved with the child protection system, appointed by the chief justice of the supreme court.

Subd. 3. Organization and administration. (a) The council is governed by Minnesota Statutes, section 15.059, except that subdivision 6 does not apply. The state court administrator must provide the council with staff support, office and meeting space, and access to office equipment and services.

(b) Council members serve at the pleasure of the appointing authority. The chief justice of the supreme court must select a chair from among the members. The council may select other officers, subcommittees, and work groups as it deems necessary.

Subd. 4. Meetings. (a) The council must meet at the call of the chair.

(b) The chair must convene the council's first meeting, which must occur by September 15, 2024.

Subd. 5. Duties. The council must develop a comprehensive blueprint for improvement that addresses all aspects of the child protection system, including prevention and early intervention, by:

(1) reviewing policies, laws, practices, latest research, and data related to children in the child protection system;

(2) gathering information through surveys or focus groups, including consultation with individuals who have lived experience with the child protection system; and

(3) making recommendations for changes in policies and law that are designed to improve outcomes for children in the child protection system or at risk of maltreatment.

Subd. 6. Reports. By January 15, 2025, the Supreme Court Council on Child Protection must submit a progress report on the council's duties under subdivision 5 to the governor, the chief justice of the supreme court, and the chairs and ranking minority members of the legislative committees with jurisdiction over child protection. By January 15, 2026, the council must submit its final report to the governor, the chief justice of the supreme court, and the chairs and ranking minority members of the legislative committees with jurisdiction over child protection, detailing the comprehensive blueprint developed under subdivision 5.

Subd. 7. Expiration. The Supreme Court Council on Child Protection expires upon the submission of its final report under subdivision 6.

Sec. 9. PREVENTING NONRELATIVE FOSTER CARE PLACEMENT GRANTS.

(a) The commissioner of children, youth, and families shall award grants to eligible community-based nonprofit organizations to provide culturally competent support and connection to local and statewide resources for relative caregivers who are caring for relative children. Grant funds must be used to serve relative caregivers for children from communities that are disproportionately overrepresented in the child welfare system, as determined by the commissioner, based on available data. Grant funds may be used to assess relative caregiver and child needs, provide connection to local and statewide culturally competent resources, provide culturally competent case management to assist with complex cases, and provide culturally competent supports to reduce the need for child welfare involvement or risk of child welfare involvement and increase family stability by preventing nonrelative foster care placement.

(b) For purposes of this section, "relative" has the meaning given in Minnesota Statutes, section 260C.007, subdivision 27.

Sec. 10. **DIRECTION TO COMMISSIONER OF CHILDREN, YOUTH, AND FAMILIES; CHILD MALTREATMENT REPORTING SYSTEMS REVIEW AND RECOMMENDATIONS.**

The commissioner of children, youth, and families must review current child maltreatment reporting processes and systems in various states and evaluate the costs and benefits of each reviewed state's system. In consultation with stakeholders, including but not limited to counties, Tribes, and organizations with expertise in child maltreatment prevention and child protection, the commissioner must develop recommendations on implementing a statewide common entry point system for reporting child maltreatment in Minnesota, outlining the benefits, challenges, and costs of such a transition. By March 1, 2025, the commissioner must submit a report detailing the commissioner's recommendations to the chairs and ranking minority members of the legislative committees with jurisdiction over child protection. The commissioner must also publish the report on the department's website.

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

Sec. 11. **DIRECTION TO COMMISSIONER OF HUMAN SERVICES; CHILD WELFARE FISCAL ANALYSIS.**

Subdivision 1. **Child welfare fiscal analysis.** The commissioner of human services must contract with a third-party consultant selected according to subdivision 2.

Subd. 2. **Fiscal analysis consultant selection.** The commissioner, in consultation with the Association of Minnesota Counties, the Minnesota Indian Affairs Council, community nonprofits, community providers, and other child welfare system stakeholders, must select a third-party independent consultant to conduct the fiscal analysis required under this section. The consultant must have expertise in and experience with child welfare systems and conducting fiscal analyses.

Subd. 3. **Child welfare fiscal analysis requirements.** When conducting the child welfare fiscal analysis under this section, the third-party consultant must evaluate:

(1) financial systems in Minnesota's child welfare system and funding sources available to the child welfare system;

(2) state and local agency administrative resources necessary to effectively obtain, manage, and distribute federal funds to counties and Tribal Nations;

(3) the state's access to and use of funding or reimbursements under federal Title IV-E and Title IV-B, the federal Child Abuse Prevention and Treatment Act, TANF, Medicaid, the federal Social Services Block Grant Program, and other federal funds for expenses related to child welfare, including legal representation, training, and prevention services;

(4) relevant information needed to secure available federal funds for the child welfare system;

(5) the implementation of the Family First Prevention Services Act and related claim processes; and

(6) federal Title IV-E attorney and training reimbursements in the state and all allowable Title IV-E administrative costs.

Subd. 4. **Report on fiscal analysis.** By June 30, 2026, the third-party consultant who conducted the child welfare fiscal analysis under this section must submit a final report to the commissioner of human services and the chairs and ranking minority members of the legislative committees with jurisdiction over the child welfare system. The final report must include the findings from the fiscal analysis required in this section. The report must also include recommendations on:

- (1) whether Minnesota should increase state investment into the child welfare system;
- (2) how to maximize the state's receipt of federal funding, including reimbursements;
- (3) legislative proposals for any necessary statutory changes; and
- (4) administrative and fiscal resources needed to implement necessary statutory changes.

Subd. 5. **Tribal participation.** Each of Minnesota's 11 federally recognized Tribal Nations may participate in the fiscal analysis required under this section. Tribal Nations that choose to participate have sovereignty over data they choose to share with the consultant, or other individuals or entities, and may request that their data not be included in any public documents.

Sec. 12. **REPEALER.**

- (a) Minnesota Statutes 2022, section 256.01, subdivisions 12 and 12a, are repealed.
- (b) Minnesota Rules, part 9560.0232, subpart 5, is repealed.

EFFECTIVE DATE. This section is effective July 1, 2025.

ARTICLE 2
ECONOMIC SUPPORTS

Section 1. **[256D.66] CAMPUS-BASED EMPLOYMENT AND TRAINING PROGRAM FOR STUDENTS ENROLLED IN HIGHER EDUCATION.**

Subdivision 1. **Designation.** (a) Within six months of the effective date of this section, the Board of Trustees of Minnesota State Colleges and Universities must, and the Board of Regents of the University of Minnesota is requested to, submit an application to the commissioner of human services verifying whether each of its institutions meets the requirements to be a campus-based employment and training program that qualifies for the student exemption for supplemental nutrition assistance program (SNAP) eligibility, as described in the Code of Federal Regulations, title 7, section 273.5(b)(11)(iv).

(b) An institution of higher education must be designated as a campus-based employment and training program by the commissioner of human services if that institution meets the requirements set forth in the guidance under subdivision 3. The commissioner of human services must maintain a list of approved programs on its website.

Subd. 2. **Student eligibility.** A student is eligible to participate in a campus-based employment and training program under this section if they are enrolled in:

- (1) a public two-year community or technical college and received a state grant under section 136A.121, received a federal Pell grant, or has a student aid index of \$0 or less;

(2) a Tribal college as defined in section 136A.62 and received a state grant under section 136A.121, received a federal Pell grant, or has a student aid index of \$0 or less; or

(3) a public four-year university and received a state grant under section 136A.121, received a federal Pell grant, or has a student aid index of \$0 or less.

Subd. 3. **Guidance.** Within three months of the effective date of this section and annually thereafter, the commissioner of human services, in consultation with the commissioner of higher education, must issue guidance to counties, Tribal Nations, Tribal colleges, and Minnesota public postsecondary institutions that:

(1) clarifies the state and federal eligibility requirements for campus-based employment and training programs for low-income households;

(2) clarifies the application process for campus-based employment and training programs for low-income households including, but not limited to, providing a list of the supporting documents required for program approval;

(3) clarifies how students in an institution of higher education approved as campus-based employment and training program for low-income households qualify for a SNAP student exemption; and

(4) clarifies the SNAP eligibility criteria for students that qualify for a SNAP student exemption under this section.

Subd. 4. **Application.** Within three months of the effective date of this section, the commissioner of human services, in consultation with the commissioner of higher education, must design an application for institutions of higher education to apply for a campus-based employment and training program designation.

Subd. 5. **Notice.** At the beginning of each academic semester, an institution of higher education with a designated campus-based employment and training program must send a letter to students eligible under this section to inform them that they may qualify for SNAP benefits and direct them to resources to apply. The letter under this subdivision shall serve as proof of a student's enrollment in a campus-based employment and training program.

EFFECTIVE DATE. This section is effective upon federal approval. The commissioner of human services must notify the revisor of statutes when federal approval is obtained.

Sec. 2. Minnesota Statutes 2023 Supplement, section 256E.35, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Eligible educational institution" means the following:

(1) an institution of higher education described in section 101 or 102 of the Higher Education Act of 1965; or

(2) an area vocational education school, as defined in subparagraph (C) or (D) of United States Code, title 20, chapter 44, section 2302 (3) (the Carl D. Perkins Vocational and Applied Technology Education Act), which is located within any state, as defined in United States Code, title 20, chapter 44, section 2302 (30). This clause is applicable only to the extent section 2302 is in effect on August 1, 2008.

(c) "Family asset account" means a savings account opened by a household participating in the Minnesota family assets for independence initiative.

(d) "Fiduciary organization" means:

- (1) a community action agency that has obtained recognition under section 256E.31;
- (2) a federal community development credit union;
- (3) a women-oriented economic development agency;
- (4) a federally recognized Tribal Nation; or
- (5) a nonprofit organization as defined under section 501(c)(3) of the Internal Revenue Code.

(e) "Financial coach" means a person who:

(1) has completed an intensive financial literacy training workshop that includes curriculum on budgeting to increase savings, debt reduction and asset building, building a good credit rating, and consumer protection;

(2) participates in ongoing statewide family assets for independence in Minnesota (FAIM) network training meetings under FAIM program supervision; and

(3) provides financial coaching to program participants under subdivision 4a.

(f) "Financial institution" means a bank, bank and trust, savings bank, savings association, or credit union, the deposits of which are insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration.

(g) "Household" means all individuals who share finances and use of a dwelling unit as primary quarters for living and eating separate from other individuals. Sharing finances does not include situations in which a person is living in the same dwelling unit as others without sharing any other financial arrangements.

(h) "Permissible use" means:

(1) postsecondary educational expenses at an eligible educational institution as defined in paragraph (b), including books, supplies, and equipment required for courses of instruction;

(2) acquisition costs of acquiring, constructing, or reconstructing a residence, including any usual or reasonable settlement, financing, or other closing costs;

(3) business capitalization expenses for expenditures on capital, plant, equipment, working capital, and inventory expenses of a legitimate business pursuant to a business plan approved by the fiduciary organization;

(4) acquisition costs of a principal residence within the meaning of section 1034 of the Internal Revenue Code of 1986 which do not exceed 100 percent of the average area purchase price applicable to the residence determined according to section 143(e)(2) and (3) of the Internal Revenue Code of 1986;

(5) acquisition costs of a personal vehicle only if approved by the fiduciary organization;

(6) contributions to an emergency savings account; and

(7) contributions to a Minnesota 529 savings plan.

Sec. 3. Minnesota Statutes 2022, section 256E.35, subdivision 5, is amended to read:

Subd. 5. **Household eligibility; participation.** (a) To be eligible for ~~state or TANF matching funds in the~~ family assets for independence initiative, a household must ~~meet the eligibility requirements of the federal Assets for Independence Act, Public Law 105-285, in Title IV, section 408 of that act~~ have maximum income that is equal to or less than the greater of:

(1) 50 percent of the area median income as determined by the United States Department of Housing and Urban Development; or

(2) 200 percent of the federal poverty guidelines.

(b) To be eligible for state matching funds under this section, a household must meet the requirements of this section.

~~(b)~~ (c) Each participating household must sign a family asset agreement that includes the amount of scheduled deposits into its savings account, the proposed use, and the proposed savings goal. A participating household must agree to complete an economic literacy training program.

~~(c)~~ (d) Participating households may only deposit money that is derived from household earned income or from state and federal income tax credits.

Sec. 4. Minnesota Statutes 2023 Supplement, section 256E.38, subdivision 4, is amended to read:

Subd. 4. **Eligible uses of grant money.** An eligible applicant that receives grant money under this section shall use the money to purchase diapers and wipes and may use up to ~~four~~ ten percent of the money for administrative costs.

ARTICLE 3 HOUSING AND HOMELESSNESS

Section 1. **EMERGENCY SHELTER NEEDS ANALYSIS FOR LGBTQIA+ YOUTH EXPERIENCING HOMELESSNESS.**

(a) The commissioner of human services must contract with a third-party entity with experience conducting research related to youth experiencing homelessness, to conduct a needs analysis for emergency shelter serving LGBTQIA+ youth experiencing homelessness and to conduct site analysis and develop a plan for building the emergency shelter.

(b) In conducting the needs analysis under this section, the third-party entity must consider:

(1) the number of individuals needing emergency shelter at any given time;

(2) the age ranges of the individuals who would be served;

(3) the types of support services needed when individuals arrive at the shelter;

(4) the outreach necessary to let LGBTQIA+ individuals know that emergency shelter is available; and

(5) where individuals needing emergency shelter are coming from.

(c) No later than March 1, 2025, the commissioner must submit a written report to the legislative committees with jurisdiction over services for persons experiencing homelessness with the results of the needs analysis, recommendations for a site location, and the plan for building the emergency shelter, as required under this section.

Sec. 2. **PREGNANT AND PARENTING HOMELESS YOUTH STUDY.**

(a) The commissioner of human services must contract with the Wilder Foundation to conduct a study of:

(1) the statewide numbers and unique needs of pregnant and parenting youth experiencing homelessness; and

(2) best practices in supporting pregnant and parenting homeless youth within programming, emergency shelter, and housing settings.

(b) The Wilder Foundation must submit a final report to the commissioner by December 31, 2025. The commissioner shall submit the report to the chairs and ranking minority members of the legislative committees with jurisdiction over homeless youth services finance and policy.

ARTICLE 4
CHILD CARE LICENSING

Section 1. **[142B.171] CHILD CARE WEIGHTED RISK SYSTEM.**

Subdivision 1. **Implementation.** The commissioner shall develop and implement a child care weighted risk system that provides a tiered licensing enforcement framework for child care licensing requirements in this chapter or Minnesota Rules, chapter 9502 or 9503.

Subd. 2. **Documented technical assistance.** (a) In lieu of a correction order under section 142B.16, the commissioner shall provide documented technical assistance to a family child care or child care center license holder if the commissioner finds that:

(1) the license holder has failed to comply with a requirement in this chapter or Minnesota Rules, chapter 9502 or 9503, that the commissioner determines to be low risk as determined by the child care weighted risk system;

(2) the noncompliance does not imminently endanger the health, safety, or rights of the persons served by the program; and

(3) the license holder did not receive documented technical assistance or a correction order for the same violation at the license holder's most recent annual licensing inspection.

(b) Documented technical assistance must include communication from the commissioner to the license holder that:

(1) states the conditions that constitute a violation of a law or rule;

(2) references the specific law or rule violated; and

(3) explains remedies for correcting the violation.

(c) The commissioner shall not publicly publish documented technical assistance on the department's website.

Sec. 2. **REPEALER.**

Minnesota Statutes 2022, section 245A.065, is repealed.

ARTICLE 5
DEPARTMENT OF CHILDREN, YOUTH, AND FAMILIES

Section 1. [142A.045] CHILDREN, YOUTH, AND FAMILIES INTERGOVERNMENTAL ADVISORY COMMITTEE.

(a) An intergovernmental advisory committee is established to provide advice, consultation, and recommendations to the commissioner on the planning, design, administration, funding, and evaluation of services to children, youth, and families. Notwithstanding section 15.059, the commissioner, the Association of Minnesota Counties, and the Minnesota Association of County Social Services Administrators must codevelop and execute a process to administer the committee that ensures each county is represented. The committee must meet at least quarterly and special meetings may be called by the committee chair or a majority of the members.

(b) Subject to section 15.059, the commissioner may reimburse committee members or their alternates for allowable expenses while engaged in their official duties as committee members.

(c) Notwithstanding section 15.059, the intergovernmental advisory committee does not expire.

Sec. 2. Minnesota Statutes 2022, section 245.975, subdivision 2, is amended to read:

Subd. 2. **Duties.** (a) The ombudsperson's duties shall include:

(1) advocating on behalf of a family child care provider to address all areas of concern related to the provision of child care services, including licensing monitoring activities, licensing actions, and other interactions with state and county licensing staff;

(2) providing recommendations for family child care improvement or family child care provider education;

(3) operating a telephone line to answer questions, receive complaints, and discuss agency actions when a family child care provider believes that the provider's rights or program may have been adversely affected; and

(4) assisting a family child care license applicant with navigating the application process.

(b) The ombudsperson must report annually by December 31 to the commissioner of children, youth, and families and the chairs and ranking minority members of the legislative committees with jurisdiction over child care on the services provided by the ombudsperson to child care providers, including the number and locations of child care providers served and the activities of the ombudsperson in carrying out the duties under this section. The commissioner shall determine the form of the report and may specify additional reporting requirements.

Sec. 3. Minnesota Statutes 2022, section 245.975, subdivision 4, is amended to read:

Subd. 4. **Access to records.** (a) The ombudsperson or designee, excluding volunteers, has access to any data of a state agency necessary for the discharge of the ombudsperson's duties, including records classified as confidential data on individuals or private data on individuals under chapter 13 or any other law. The ombudsperson's data request must relate to a specific case and is subject to section 13.03, subdivision 4. If the data concerns an individual, the ombudsperson or designee shall first obtain the individual's consent. If the individual is unable to consent and has no parent or legal guardian, then the ombudsperson's or designee's access to the data is authorized by this section.

(b) The ombudsperson and designees must adhere to the Minnesota Government Data Practices Act and must not disseminate any private or confidential data on individuals unless specifically authorized by state, local, or federal law or pursuant to a court order.

(c) The commissioner of human services; the commissioner of children, youth, and families; and any county agency must provide the ombudsperson copies of all fix-it tickets, correction orders, and licensing actions issued to family child care providers.

Sec. 4. Minnesota Statutes 2022, section 245.975, subdivision 9, is amended to read:

Subd. 9. **Posting.** (a) The commissioner of children, youth, and families shall post on the department's website the mailing address, email address, and telephone number for the office of the ombudsperson. The commissioner shall provide family child care providers with the mailing address, email address, and telephone number of the ombudsperson's office on the family child care licensing website and upon request of a family child care applicant or provider. Counties must provide family child care applicants and providers with the name, mailing address, email address, and telephone number of the ombudsperson's office upon request.

(b) The ombudsperson must approve all postings and notices required by the department and counties under this subdivision.

Sec. 5. Minnesota Statutes 2023 Supplement, section 256.043, subdivision 3, is amended to read:

Subd. 3. **Appropriations from registration and license fee account.** (a) The appropriations in paragraphs (b) to (n) shall be made from the registration and license fee account on a fiscal year basis in the order specified.

(b) The appropriations specified in Laws 2019, chapter 63, article 3, section 1, paragraphs (b), (f), (g), and (h), as amended by Laws 2020, chapter 115, article 3, section 35, shall be made accordingly.

(c) \$100,000 is appropriated to the commissioner of human services for grants for opiate antagonist distribution. Grantees may utilize funds for opioid overdose prevention, community asset mapping, education, and opiate antagonist distribution.

(d) \$2,000,000 is appropriated to the commissioner of human services for grants to Tribal nations and five urban Indian communities for traditional healing practices for American Indians and to increase the capacity of culturally specific providers in the behavioral health workforce.

(e) \$400,000 is appropriated to the commissioner of human services for competitive grants for opioid-focused Project ECHO programs.

(f) \$277,000 in fiscal year 2024 and \$321,000 each year thereafter is appropriated to the commissioner of human services to administer the funding distribution and reporting requirements in paragraph (o).

(g) \$3,000,000 in fiscal year 2025 and \$3,000,000 each year thereafter is appropriated to the commissioner of human services for safe recovery sites start-up and capacity building grants under section 254B.18.

(h) \$395,000 in fiscal year 2024 and \$415,000 each year thereafter is appropriated to the commissioner of human services for the opioid overdose surge alert system under section 245.891.

(i) \$300,000 is appropriated to the commissioner of management and budget for evaluation activities under section 256.042, subdivision 1, paragraph (c).

(j) \$261,000 is appropriated to the commissioner of human services for the provision of administrative services to the Opiate Epidemic Response Advisory Council and for the administration of the grants awarded under paragraph (n).

(k) \$126,000 is appropriated to the Board of Pharmacy for the collection of the registration fees under section 151.066.

(l) \$672,000 is appropriated to the commissioner of public safety for the Bureau of Criminal Apprehension. Of this amount, \$384,000 is for drug scientists and lab supplies and \$288,000 is for special agent positions focused on drug interdiction and drug trafficking.

(m) After the appropriations in paragraphs (b) to (l) are made, 50 percent of the remaining amount is appropriated to the commissioner of ~~human services~~ children, youth, and families for distribution to county social service agencies and Tribal social service agency initiative projects authorized under section 256.01, subdivision 14b, to provide child protection services to children and families who are affected by addiction. The commissioner shall distribute this money proportionally to county social service agencies and Tribal social service agency initiative projects based on out-of-home placement episodes where parental drug abuse is the primary reason for the out-of-home placement using data from the previous calendar year. County social service agencies and Tribal social service agency initiative projects receiving funds from the opiate epidemic response fund must annually report to the commissioner on how the funds were used to provide child protection services, including measurable outcomes, as determined by the commissioner. County social service agencies and Tribal social service agency initiative projects must not use funds received under this paragraph to supplant current state or local funding received for child protection services for children and families who are affected by addiction.

(n) After the appropriations in paragraphs (b) to (m) are made, the remaining amount in the account is appropriated to the commissioner of human services to award grants as specified by the Opiate Epidemic Response Advisory Council in accordance with section 256.042, unless otherwise appropriated by the legislature.

(o) Beginning in fiscal year 2022 and each year thereafter, funds for county social service agencies and Tribal social service agency initiative projects under paragraph (m) and grant funds specified by the Opiate Epidemic Response Advisory Council under paragraph (n) may be distributed on a calendar year basis.

(p) Notwithstanding section 16A.28, subdivision 3, funds appropriated in paragraphs (c), (d), (e), (g), (m), and (n) are available for three years after the funds are appropriated.

Sec. 6. Minnesota Statutes 2023 Supplement, section 256.043, subdivision 3a, is amended to read:

Subd. 3a. **Appropriations from settlement account.** (a) The appropriations in paragraphs (b) to (e) shall be made from the settlement account on a fiscal year basis in the order specified.

(b) If the balance in the registration and license fee account is not sufficient to fully fund the appropriations specified in subdivision 3, paragraphs (b) to (l), an amount necessary to meet any insufficiency shall be transferred from the settlement account to the registration and license fee account to fully fund the required appropriations.

(c) \$209,000 in fiscal year 2023 and \$239,000 in fiscal year 2024 and subsequent fiscal years are appropriated to the commissioner of human services for the administration of grants awarded under paragraph (e). \$276,000 in fiscal year 2023 and \$151,000 in fiscal year 2024 and subsequent fiscal years are appropriated to the commissioner of human services to collect, collate, and report data submitted and to monitor compliance with reporting and settlement expenditure requirements by grantees awarded grants under this section and municipalities receiving direct payments from a statewide opioid settlement agreement as defined in section 256.042, subdivision 6.

(d) After any appropriations necessary under paragraphs (b) and (c) are made, an amount equal to the calendar year allocation to Tribal social service agency initiative projects under subdivision 3, paragraph (m), is appropriated from the settlement account to the commissioner of ~~human services~~ children, youth, and families for distribution to Tribal social service agency initiative projects to provide child protection services to children and families who are affected by addiction. The requirements related to proportional distribution, annual reporting, and maintenance of effort specified in subdivision 3, paragraph (m), also apply to the appropriations made under this paragraph.

(e) After making the appropriations in paragraphs (b), (c), and (d), the remaining amount in the account is appropriated to the commissioner of human services to award grants as specified by the Opiate Epidemic Response Advisory Council in accordance with section 256.042.

(f) Funds for Tribal social service agency initiative projects under paragraph (d) and grant funds specified by the Opiate Epidemic Response Advisory Council under paragraph (e) may be distributed on a calendar year basis.

(g) Notwithstanding section 16A.28, subdivision 3, funds appropriated in paragraphs (d) and (e) are available for three years after the funds are appropriated.

Sec. 7. Minnesota Statutes 2023 Supplement, section 256.045, subdivision 3, as amended by Laws 2024, chapter 79, article 3, section 3, and Laws 2024, chapter 80, article 1, section 67, is amended to read:

Subd. 3. **State agency hearings.** (a) State agency hearings are available for the following:

(1) any person:

(i) applying for, receiving or having received public assistance, medical care, or a program of social services administered by the commissioner or a county agency on behalf of the commissioner; and

(ii) whose application for assistance is denied, not acted upon with reasonable promptness, or whose assistance is suspended, reduced, terminated, or claimed to have been incorrectly paid;

(2) any patient or relative aggrieved by an order of the commissioner under section 252.27;

(3) a party aggrieved by a ruling of a prepaid health plan;

(4) except as provided under chapter 245C, any individual or facility determined by a lead investigative agency to have maltreated a vulnerable adult under section 626.557 after they have exercised their right to administrative reconsideration under section 626.557;

(5) any person to whom a right of appeal according to this section is given by other provision of law;

(6) an applicant aggrieved by an adverse decision to an application for a hardship waiver under section 256B.15;

(7) an applicant aggrieved by an adverse decision to an application or redetermination for a Medicare Part D prescription drug subsidy under section 256B.04, subdivision 4a;

(8) except as provided under chapter 245A, an individual or facility determined to have maltreated a minor under chapter 260E, after the individual or facility has exercised the right to administrative reconsideration under chapter 260E;

~~(8) (9) except as provided under chapter 245C and except for a subject of a background study that the commissioner has conducted on behalf of another agency for a program or facility not otherwise overseen by the commissioner,~~ an individual disqualified under sections 245C.14 and 245C.15, following a reconsideration decision

issued under section 245C.23, on the basis of serious or recurring maltreatment; a preponderance of the evidence that the individual has committed an act or acts that meet the definition of any of the crimes listed in section 245C.15, subdivisions 1 to 4; or for failing to make reports required under section 260E.06, subdivision 1, or 626.557, subdivision 3. Hearings regarding a maltreatment determination under clause (4) or (8) ~~or section 142A.20, subdivision 3, clause (4)~~, and a disqualification under this clause in which the basis for a disqualification is serious or recurring maltreatment, shall be consolidated into a single fair hearing. In such cases, the scope of review by the human services judge shall include both the maltreatment determination and the disqualification. The failure to exercise the right to an administrative reconsideration shall not be a bar to a hearing under this section if federal law provides an individual the right to a hearing to dispute a finding of maltreatment;

~~(9)~~ (10) any person with an outstanding debt resulting from receipt of public assistance administered by the commissioner or medical care who is contesting a setoff claim by the Department of Human Services or a county agency. The scope of the appeal is the validity of the claimant agency's intention to request a setoff of a refund under chapter 270A against the debt;

~~(40)~~ (11) a person issued a notice of service termination under section 245D.10, subdivision 3a, by a licensed provider of any residential supports or services listed in section 245D.03, subdivision 1, paragraphs (b) and (c), that is not otherwise subject to appeal under subdivision 4a;

~~(44)~~ (12) an individual disability waiver recipient based on a denial of a request for a rate exception under section 256B.4914;

~~(42)~~ (13) a person issued a notice of service termination under section 245A.11, subdivision 11, that is not otherwise subject to appeal under subdivision 4a; or

~~(43)~~ (14) a recovery community organization seeking medical assistance vendor eligibility under section 254B.01, subdivision 8, that is aggrieved by a membership or accreditation determination and that believes the organization meets the requirements under section 254B.05, subdivision 1, paragraph (d), clauses (1) to (10). The scope of the review by the human services judge shall be limited to whether the organization meets each of the requirements under section 254B.05, subdivision 1, paragraph (d), clauses (1) to (10).

(b) The hearing for an individual or facility under paragraph (a), clause (4), (8), or (9), is the only administrative appeal to the final agency determination specifically, including a challenge to the accuracy and completeness of data under section 13.04. Hearings requested under paragraph (a), clause (4), apply only to incidents of maltreatment that occur on or after October 1, 1995. Hearings requested by nursing assistants in nursing homes alleged to have maltreated a resident prior to October 1, 1995, shall be held as a contested case proceeding under the provisions of chapter 14. Hearings requested under paragraph (a), clause (8), apply only to incidents of maltreatment that occur on or after July 1, 1997. A hearing for an individual or facility under paragraph (a), clause (4), (8), or (9), is only available when there is no district court action pending. If such action is filed in district court while an administrative review is pending that arises out of some or all of the events or circumstances on which the appeal is based, the administrative review must be suspended until the judicial actions are completed. If the district court proceedings are completed, dismissed, or overturned, the matter may be considered in an administrative hearing.

(c) For purposes of this section, bargaining unit grievance procedures are not an administrative appeal.

(d) The scope of hearings involving claims to foster care payments under section 142A.20, subdivision 2, clause (2), shall be limited to the issue of whether the county is legally responsible for a child's placement under court order or voluntary placement agreement and, if so, the correct amount of foster care payment to be made on the child's behalf and shall not include review of the propriety of the county's child protection determination or child placement decision.

~~(d)~~ (e) The scope of hearings under paragraph (a), clauses (11) and (13), shall be limited to whether the proposed termination of services is authorized under section 245D.10, subdivision 3a, paragraph (b), or 245A.11, subdivision 11, and whether the requirements of section 245D.10, subdivision 3a, paragraphs (c) to (e), or 245A.11, subdivision 2a, paragraphs (d) and (e), were met. If the appeal includes a request for a temporary stay of termination of services, the scope of the hearing shall also include whether the case management provider has finalized arrangements for a residential facility, a program, or services that will meet the assessed needs of the recipient by the effective date of the service termination.

~~(e)~~ (f) A vendor of medical care as defined in section 256B.02, subdivision 7, or a vendor under contract with a county agency to provide social services is not a party and may not request a hearing under this section, except if assisting a recipient as provided in subdivision 4.

~~(f)~~ (g) An applicant or recipient is not entitled to receive social services beyond the services prescribed under chapter 256M or other social services the person is eligible for under state law.

~~(g)~~ (h) The commissioner may summarily affirm the county or state agency's proposed action without a hearing when the sole issue is an automatic change due to a change in state or federal law, except in matters covered by paragraph ~~(h)~~ (i).

~~(h)~~ (i) When the subject of an administrative review is a matter within the jurisdiction of the direct care and treatment executive board as a part of the board's powers and duties under chapter 246C, the executive board may summarily affirm the county or state agency's proposed action without a hearing when the sole issue is an automatic change due to a change in state or federal law.

~~(i)~~ (j) Unless federal or Minnesota law specifies a different time frame in which to file an appeal, an individual or organization specified in this section may contest the specified action, decision, or final disposition before the state agency by submitting a written request for a hearing to the state agency within 30 days after receiving written notice of the action, decision, or final disposition, or within 90 days of such written notice if the applicant, recipient, patient, or relative shows good cause, as defined in section 256.0451, subdivision 13, why the request was not submitted within the 30-day time limit. The individual filing the appeal has the burden of proving good cause by a preponderance of the evidence.

Sec. 8. Minnesota Statutes 2022, section 256.045, subdivision 3b, as amended by Laws 2024, chapter 80, article 1, section 68, is amended to read:

Subd. 3b. **Standard of evidence for maltreatment and disqualification hearings.** (a) The state human services judge shall determine that maltreatment has occurred if a preponderance of evidence exists to support the final disposition under section 626.557 and chapter 260E. For purposes of hearings regarding disqualification, the state human services judge shall affirm the proposed disqualification in an appeal under subdivision 3, paragraph (a), clause (9), if a preponderance of the evidence shows the individual has:

- (1) committed maltreatment under section 626.557 or chapter 260E that is serious or recurring;
- (2) committed an act or acts meeting the definition of any of the crimes listed in section 245C.15, subdivisions 1 to 4; or
- (3) failed to make required reports under section 626.557 or chapter 260E, for incidents in which the final disposition under section 626.557 or chapter 260E was substantiated maltreatment that was serious or recurring.

(b) If the disqualification is affirmed, the state human services judge shall determine whether the individual poses a risk of harm in accordance with the requirements of section 245C.22, and whether the disqualification should be set aside or not set aside. In determining whether the disqualification should be set aside, the human services judge shall consider all of the characteristics that cause the individual to be disqualified, including those characteristics that were not subject to review under paragraph (a), in order to determine whether the individual poses a risk of harm. A decision to set aside a disqualification that is the subject of the hearing constitutes a determination that the individual does not pose a risk of harm and that the individual may provide direct contact services in the individual program specified in the set aside.

(c) If a disqualification is based solely on a conviction or is conclusive for any reason under section 245C.29, the disqualified individual does not have a right to a hearing under this section.

(d) The state human services judge shall recommend an order to the commissioner of health; ~~education;~~ ~~children, youth, and families;~~ or human services, as applicable, who shall issue a final order. The commissioner shall affirm, reverse, or modify the final disposition. Any order of the commissioner issued in accordance with this subdivision is conclusive upon the parties unless appeal is taken in the manner provided in subdivision 7. In any licensing appeal under chapters 245A and 245C and sections 144.50 to 144.58 and 144A.02 to 144A.482, the commissioner's determination as to maltreatment is conclusive, as provided under section 245C.29.

Sec. 9. Minnesota Statutes 2022, section 256.045, subdivision 5, as amended by Laws 2024, chapter 79, article 3, section 4, is amended to read:

Subd. 5. Orders of the commissioner of human services. (a) Except as provided for under subdivision 5a for matters under the jurisdiction of the direct care and treatment executive board and for hearings held under section 142A.20, subdivision 2, a state human services judge shall conduct a hearing on the appeal and shall recommend an order to the commissioner of human services. The recommended order must be based on all relevant evidence and must not be limited to a review of the propriety of the state or county agency's action. A human services judge may take official notice of adjudicative facts. The commissioner of human services may accept the recommended order of a state human services judge and issue the order to the county agency and the applicant, recipient, former recipient, or prepaid health plan. The commissioner on refusing to accept the recommended order of the state human services judge, shall notify the petitioner, the agency, or prepaid health plan of that fact and shall state reasons therefor and shall allow each party ten days' time to submit additional written argument on the matter. After the expiration of the ten-day period, the commissioner shall issue an order on the matter to the petitioner, the agency, or prepaid health plan.

(b) A party aggrieved by an order of the commissioner may appeal under subdivision 7, or request reconsideration by the commissioner within 30 days after the date the commissioner issues the order. The commissioner may reconsider an order upon request of any party or on the commissioner's own motion. A request for reconsideration does not stay implementation of the commissioner's order. The person seeking reconsideration has the burden to demonstrate why the matter should be reconsidered. The request for reconsideration may include legal argument and proposed additional evidence supporting the request. If proposed additional evidence is submitted, the person must explain why the proposed additional evidence was not provided at the time of the hearing. If reconsideration is granted, the other participants must be sent a copy of all material submitted in support of the request for reconsideration and must be given ten days to respond. Upon reconsideration, the commissioner may issue an amended order or an order affirming the original order.

(c) Any order of the commissioner issued under this subdivision shall be conclusive upon the parties unless appeal is taken in the manner provided by subdivision 7. Any order of the commissioner is binding on the parties and must be implemented by the state agency, a county agency, or a prepaid health plan according to subdivision 3a, until the order is reversed by the district court, or unless the commissioner or a district court orders monthly assistance or aid or services paid or provided under subdivision 10.

(d) A vendor of medical care as defined in section 256B.02, subdivision 7, or a vendor under contract with a county agency to provide social services is not a party and may not request a hearing or seek judicial review of an order issued under this section, unless assisting a recipient as provided in subdivision 4. A prepaid health plan is a party to an appeal under subdivision 3a, but cannot seek judicial review of an order issued under this section.

Sec. 10. Minnesota Statutes 2022, section 256.045, subdivision 7, as amended by Laws 2024, chapter 79, article 3, section 7, is amended to read:

Subd. 7. **Judicial review.** Except for a prepaid health plan, any party who is aggrieved by an order of the commissioner of human services; ~~the commissioner of health;~~ or the commissioner of children, youth, and families in appeals within the commissioner's jurisdiction under subdivision 3b; ~~or the direct care and treatment executive board in appeals within the jurisdiction of the executive board under subdivision 5a~~ may appeal the order to the district court of the county responsible for furnishing assistance, or, in appeals under subdivision 3b, the county where the maltreatment occurred, by serving a written copy of a notice of appeal upon the applicable commissioner or executive board and any adverse party of record within 30 days after the date the commissioner or executive board issued the order, the amended order, or order affirming the original order, and by filing the original notice and proof of service with the court administrator of the district court. Service may be made personally or by mail; service by mail is complete upon mailing; no filing fee shall be required by the court administrator in appeals taken pursuant to this subdivision, with the exception of appeals taken under subdivision 3b. The applicable commissioner or executive board may elect to become a party to the proceedings in the district court. Except for appeals under subdivision 3b, any party may demand that the commissioner or executive board furnish all parties to the proceedings with a copy of the decision, and a transcript of any testimony, evidence, or other supporting papers from the hearing held before the human services judge, by serving a written demand upon the applicable commissioner or executive board within 30 days after service of the notice of appeal. Any party aggrieved by the failure of an adverse party to obey an order issued by the commissioner or executive board under subdivisions 5 or 5a may compel performance according to the order in the manner prescribed in sections 586.01 to 586.12.

Sec. 11. Minnesota Statutes 2022, section 256.0451, subdivision 1, as amended by Laws 2024, chapter 80, article 1, section 72, is amended to read:

Subdivision 1. **Scope.** (a) The requirements in this section apply to all fair hearings and appeals under ~~section sections 142A.20, subdivision 2, and 256.045, subdivision 3, paragraph (a), clauses (1), (2), (3), (5), (6), (7), (8), (11) (10), and (13) (12).~~ Except as provided in subdivisions 3 and 19, the requirements under this section apply to fair hearings and appeals under section 256.045, subdivision 3, paragraph (a), clauses (4), ~~(9) (8), (10) (9), and (12) (11).~~

(b) For purposes of this section, "person" means an individual who, on behalf of themselves or their household, is appealing or disputing or challenging an action, a decision, or a failure to act, by an agency in the human services system. When a person involved in a proceeding under this section is represented by an attorney or by an authorized representative, the term "person" also means the person's attorney or authorized representative. Any notice sent to the person involved in the hearing must also be sent to the person's attorney or authorized representative.

(c) For purposes of this section, "agency" means the county human services agency, the state human services agency, and, where applicable, any entity involved under a contract, subcontract, grant, or subgrant with the state agency or with a county agency, that provides or operates programs or services in which appeals are governed by section 256.045.

Sec. 12. Minnesota Statutes 2022, section 256.0451, subdivision 22, is amended to read:

Subd. 22. **Decisions.** A timely, written decision must be issued in every appeal. Each decision must contain a clear ruling on the issues presented in the appeal hearing and should contain a ruling only on questions directly presented by the appeal and the arguments raised in the appeal.

(a) A written decision must be issued within 90 days of the date the person involved requested the appeal unless a shorter time is required by law. An additional 30 days is provided in those cases where the commissioner refuses to accept the recommended decision. In appeals of maltreatment determinations or disqualifications filed pursuant to section 256.045, subdivision 3, paragraph (a), clause (4), ~~(9)~~ (8), or ~~(10)~~ (9), that also give rise to possible licensing actions, the 90-day period for issuing final decisions does not begin until the later of the date that the licensing authority provides notice to the appeals division that the authority has made the final determination in the matter or the date the appellant files the last appeal in the consolidated matters.

(b) The decision must contain both findings of fact and conclusions of law, clearly separated and identified. The findings of fact must be based on the entire record. Each finding of fact made by the human services judge shall be supported by a preponderance of the evidence unless a different standard is required under the regulations of a particular program. The "preponderance of the evidence" means, in light of the record as a whole, the evidence leads the human services judge to believe that the finding of fact is more likely to be true than not true. The legal claims or arguments of a participant do not constitute either a finding of fact or a conclusion of law, except to the extent the human services judge adopts an argument as a finding of fact or conclusion of law.

The decision shall contain at least the following:

- (1) a listing of the date and place of the hearing and the participants at the hearing;
 - (2) a clear and precise statement of the issues, including the dispute under consideration and the specific points which must be resolved in order to decide the case;
 - (3) a listing of the material, including exhibits, records, reports, placed into evidence at the hearing, and upon which the hearing decision is based;
 - (4) the findings of fact based upon the entire hearing record. The findings of fact must be adequate to inform the participants and any interested person in the public of the basis of the decision. If the evidence is in conflict on an issue which must be resolved, the findings of fact must state the reasoning used in resolving the conflict;
 - (5) conclusions of law that address the legal authority for the hearing and the ruling, and which give appropriate attention to the claims of the participants to the hearing;
 - (6) a clear and precise statement of the decision made resolving the dispute under consideration in the hearing; and
 - (7) written notice of the right to appeal to district court or to request reconsideration, and of the actions required and the time limits for taking appropriate action to appeal to district court or to request a reconsideration.
- (c) The human services judge shall not independently investigate facts or otherwise rely on information not presented at the hearing. The human services judge may not contact other agency personnel, except as provided in subdivision 18. The human services judge's recommended decision must be based exclusively on the testimony and evidence presented at the hearing, and legal arguments presented, and the human services judge's research and knowledge of the law.
- (d) The commissioner will review the recommended decision and accept or refuse to accept the decision according to section 142A.20, subdivision 3, or 256.045, subdivision 5.

Sec. 13. Minnesota Statutes 2022, section 256.0451, subdivision 24, is amended to read:

Subd. 24. **Reconsideration.** (a) Reconsideration may be requested within 30 days of the date of the commissioner's final order. If reconsideration is requested under section 142A.20, subdivision 3, or 256.045, subdivision 5, the other participants in the appeal shall be informed of the request. The person seeking reconsideration has the burden to demonstrate why the matter should be reconsidered. The request for reconsideration may include legal argument and may include proposed additional evidence supporting the request. The other participants shall be sent a copy of all material submitted in support of the request for reconsideration and must be given ten days to respond.

(b) When the requesting party raises a question as to the appropriateness of the findings of fact, the commissioner shall review the entire record.

(c) When the requesting party questions the appropriateness of a conclusion of law, the commissioner shall consider the recommended decision, the decision under reconsideration, and the material submitted in connection with the reconsideration. The commissioner shall review the remaining record as necessary to issue a reconsidered decision.

(d) The commissioner shall issue a written decision on reconsideration in a timely fashion. The decision must clearly inform the parties that this constitutes the final administrative decision, advise the participants of the right to seek judicial review, and the deadline for doing so.

Sec. 14. Minnesota Statutes 2022, section 256.046, subdivision 2, as amended by Laws 2024, chapter 80, article 1, section 75, is amended to read:

Subd. 2. **Combined hearing.** ~~(a)~~ The human services judge may combine a fair hearing under section 142A.20 or 256.045 and administrative fraud disqualification hearing under this section or section 142A.27 into a single hearing if the factual issues arise out of the same, or related, circumstances; ~~the commissioner of human services has jurisdiction over at least one of the hearings;~~ and the individual receives prior notice that the hearings will be combined. If the administrative fraud disqualification hearing and fair hearing are combined, the time frames for administrative fraud disqualification hearings specified in Code of Federal Regulations, title 7, section 273.16, apply. If the individual accused of wrongfully obtaining assistance is charged under section 256.98 for the same act or acts which are the subject of the hearing, the individual may request that the hearing be delayed until the criminal charge is decided by the court or withdrawn.

~~(b) The human services judge must conduct any hearings under section 142A.20 or 142A.27 pursuant to the relevant laws and rules governing children, youth, and families judges.~~

Sec. 15. Laws 2023, chapter 70, article 12, section 30, subdivision 2, is amended to read:

Subd. 2. **Department of Human Services.** The powers and duties of the Department of Human Services with respect to the following responsibilities and related elements are transferred to the Department of Children, Youth, and Families according to Minnesota Statutes, section 15.039:

- (1) family services and community-based collaboratives under Minnesota Statutes, section 124D.23;
- (2) child care programs under Minnesota Statutes, chapter 119B;
- (3) Parent Aware quality rating and improvement system under Minnesota Statutes, section 124D.142;
- (4) migrant child care services under Minnesota Statutes, section 256M.50;

(5) early childhood and school-age professional development training under Laws 2007, chapter 147, article 2, section 56;

(6) licensure of family child care and child care centers, child foster care, and private child placing agencies under Minnesota Statutes, chapter 245A;

(7) certification of license-exempt child care centers under Minnesota Statutes, chapter 245H;

(8) program integrity and fraud related to the Child Care Assistance Program (CCAP), the Minnesota Family Investment Program (MFIP), and the Supplemental Nutrition Assistance Program (SNAP) under Minnesota Statutes, chapters 119B and 245E;

(9) SNAP under Minnesota Statutes, sections 256D.60 to 256D.63;

(10) electronic benefit transactions under Minnesota Statutes, sections 256.9862, 256.9863, 256.9865, 256.987, 256.9871, 256.9872, and 256J.77;

(11) Minnesota food assistance program under Minnesota Statutes, section 256D.64;

(12) Minnesota food shelf program under Minnesota Statutes, section 256E.34;

(13) MFIP and Temporary Assistance for Needy Families (TANF) under Minnesota Statutes, sections 256.9864 and 256.9865 and chapters 256J and 256P;

(14) Diversionary Work Program (DWP) under Minnesota Statutes, section 256J.95;

(15) ~~resettlement programs under Minnesota Statutes, section 256B.06, subdivision 6~~ American Indian food sovereignty program under Minnesota Statutes, section 256E.342;

(16) child abuse under Minnesota Statutes, chapter 256E;

(17) reporting of the maltreatment of minors under Minnesota Statutes, chapter 260E;

(18) children in voluntary foster care for treatment under Minnesota Statutes, chapter 260D;

(19) juvenile safety and placement under Minnesota Statutes, chapter 260C;

(20) the Minnesota Indian Family Preservation Act under Minnesota Statutes, sections 260.751 to 260.835;

(21) the Interstate Compact for Juveniles under Minnesota Statutes, section 260.515, and the Interstate Compact on the Placement of Children under Minnesota Statutes, sections 260.851 to 260.93;

(22) adoption under Minnesota Statutes, sections 259.20 to 259.89;

(23) Northstar Care for Children under Minnesota Statutes, chapter 256N;

(24) child support under Minnesota Statutes, chapters 13, 13B, 214, 256, 256J, 257, 259, 518, 518A, 518C, 551, 552, 571, and 588, and Minnesota Statutes, section 609.375;

(25) community action programs under Minnesota Statutes, sections 256E.30 to 256E.32; ~~and~~

(26) Family Assets for Independence in Minnesota under Minnesota Statutes, section 256E.35;

(27) capital for emergency food distribution facilities under Laws 2023, chapter 70, article 20, section 2, subdivision 24, paragraph (i);

(28) community resource centers under Laws 2023, chapter 70, article 14, section 42;

(29) diaper distribution grant program under Minnesota Statutes, section 256E.38;

(30) Family First Prevention Services Act support and development grant program under Minnesota Statutes, section 256.4793;

(31) Family First Prevention Services Act kinship navigator program under Minnesota Statutes, section 256.4794;

(32) family first prevention and early intervention allocation program under Minnesota Statutes, section 260.014;

(33) grants for prepared meals food relief under Laws 2023, chapter 70, article 12, section 33;

(34) homeless youth cash stipend pilot under Laws 2023, chapter 70, article 11, section 13;

(35) independent living skills for foster youth under Laws 2023, chapter 70, article 14, section 41;

(36) legacy adoption assistance under Minnesota Statutes, chapter 259A;

(37) quality parenting initiative grant program under Minnesota Statutes, section 245.0962;

(38) relative custody assistance under Minnesota Statutes, section 257.85;

(39) reimbursement to counties and Tribes for certain out-of-home placements under Minnesota Statutes, section 477A.0126; and

(40) Supplemental Nutrition Assistance Program outreach under Minnesota Statutes, section 256D.65.

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

Sec. 16. Laws 2023, chapter 70, article 12, section 30, subdivision 3, is amended to read:

Subd. 3. **Department of Education.** The powers and duties of the Department of Education with respect to the following responsibilities and related elements are transferred to the Department of Children, Youth, and Families according to Minnesota Statutes, section 15.039:

(1) Head Start Program and Early Head Start under Minnesota Statutes, sections 119A.50 to 119A.545;

(2) the early childhood screening program under Minnesota Statutes, sections 121A.16 to 121A.19;

(3) early learning scholarships under Minnesota Statutes, section 124D.165;

(4) the interagency early childhood intervention system under Minnesota Statutes, sections 125A.259 to 125A.48;

(5) voluntary prekindergarten programs and school readiness plus programs under Minnesota Statutes, section 124D.151;

(6) early childhood family education programs under Minnesota Statutes, sections 124D.13 to 124D.135;

(7) school readiness under Minnesota Statutes, sections 124D.15 to 124D.16; ~~and~~

(8) after-school community learning programs under Minnesota Statutes, section 124D.2211-; and

(9) grow your own program under Minnesota Statutes, section 122A.731.

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

Sec. 17. Laws 2024, chapter 80, article 1, section 38, subdivision 1, is amended to read:

Subdivision 1. ~~Children, youth, and families judges; appointment~~ **Hearings held by the Department of Human Services.** ~~The commissioner of children, youth, and families may appoint one or more state children, youth, and families judges to conduct hearings and recommend orders in accordance with subdivisions 2, 3, and 5. Children, youth, and families judges designated pursuant to this section may administer oaths and shall be under the control and supervision of the commissioner of children, youth, and families and shall not be a part of the Office of Administrative Hearings established pursuant to sections 14.48 to 14.56. The commissioner shall only appoint as a full-time children, youth, and families judge an individual who is licensed to practice law in Minnesota and who is:~~

~~(1) in active status;~~

~~(2) an inactive resident;~~

~~(3) retired;~~

~~(4) on disabled status; or~~

~~(5) on retired senior status.~~

All state agency hearings under subdivision 2 must be heard by a human services judge pursuant to sections 256.045 and 256.0451.

Sec. 18. Laws 2024, chapter 80, article 1, section 38, subdivision 2, is amended to read:

Subd. 2. **State agency hearings.** ~~(a)~~ State agency hearings are available for the following:

(1) any person:

(i) applying for, receiving, or having received public assistance or a program of social services administered by the commissioner or a county agency on behalf of the commissioner or the federal Food and Nutrition Act; and

(ii) whose application for assistance is denied, not acted upon with reasonable promptness, or whose assistance is suspended, reduced, terminated, or claimed to have been incorrectly paid;

(2) any person whose claim for foster care payment according to a placement of the child resulting from a child protection assessment under chapter 260E is denied or not acted upon with reasonable promptness, regardless of funding source;

(3) any person to whom a right of appeal according to this section is given by other provision of law; and

~~(4) except as provided under chapter 142B, an individual or facility determined to have maltreated a minor under chapter 260E, after the individual or facility has exercised the right to administrative reconsideration under chapter 260E;~~

~~(5) except as provided under chapter 245C, an individual disqualified under sections 245C.14 and 245C.15, following a reconsideration decision issued under section 245C.23, on the basis of serious or recurring maltreatment; of a preponderance of the evidence that the individual has committed an act or acts that meet the definition of any of the crimes listed in section 245C.15, subdivisions 1 to 4; or for failing to make reports required under section 260E.06, subdivision 1, or 626.557, subdivision 3. Hearings regarding a maltreatment determination under clause (4) and a disqualification under this clause in which the basis for a disqualification is serious or recurring maltreatment shall be consolidated into a single fair hearing. In such cases, the scope of review by the children, youth, and families judge shall include both the maltreatment determination and the disqualification. The failure to exercise the right to an administrative reconsideration shall not be a bar to a hearing under this section if federal law provides an individual the right to a hearing to dispute a finding of maltreatment; and~~

~~(6)~~ (4) any person with an outstanding debt resulting from receipt of public assistance or the federal Food and Nutrition Act who is contesting a setoff claim by the commissioner of children, youth, and families or a county agency. The scope of the appeal is the validity of the claimant agency's intention to request a setoff of a refund under chapter 270A against the debt.

~~(b) The hearing for an individual or facility under paragraph (a), clause (4) or (5), is the only administrative appeal to the final agency determination specifically, including a challenge to the accuracy and completeness of data under section 13.04. A hearing for an individual or facility under paragraph (a), clause (4) or (5), is only available when there is no district court action pending. If such action is filed in district court while an administrative review is pending that arises out of some or all of the events or circumstances on which the appeal is based, the administrative review must be suspended until the judicial actions are completed. If the district court proceedings are completed, dismissed, or overturned, the matter may be considered in an administrative hearing.~~

~~(c) For purposes of this section, bargaining unit grievance procedures are not an administrative appeal.~~

~~(d) The scope of hearings involving claims to foster care payments under paragraph (a), clause (2), shall be limited to the issue of whether the county is legally responsible for a child's placement under court order or voluntary placement agreement and, if so, the correct amount of foster care payment to be made on the child's behalf and shall not include review of the propriety of the county's child protection determination or child placement decision.~~

~~(e) An applicant or recipient is not entitled to receive social services beyond the services prescribed under chapter 256M or other social services the person is eligible for under state law.~~

~~(f) The commissioner may summarily affirm the county or state agency's proposed action without a hearing when the sole issue is an automatic change due to a change in state or federal law.~~

~~(g) Unless federal or Minnesota law specifies a different time frame in which to file an appeal, an individual or organization specified in this section may contest the specified action, decision, or final disposition before the state agency by submitting a written request for a hearing to the state agency within 30 days after receiving written notice of the action, decision, or final disposition or within 90 days of such written notice if the applicant, recipient, patient, or relative shows good cause, as defined in section 142A.21, subdivision 13, why the request was not submitted within the 30 day time limit. The individual filing the appeal has the burden of proving good cause by a preponderance of the evidence.~~

Sec. 19. Laws 2024, chapter 80, article 1, section 38, subdivision 5, is amended to read:

Subd. 5. **Orders of the commissioner of children, youth, and families.** (a) A state ~~children, youth, and families~~ human services judge shall conduct a hearing on ~~the an appeal of a matter listed in subdivision 2~~ and shall recommend an order to the commissioner of children, youth, and families. The recommended order must be based on all relevant evidence and must not be limited to a review of the propriety of the state or county agency's action. A ~~children, youth, and families~~ state human services judge may take official notice of adjudicative facts. The commissioner of children, youth, and families may accept the recommended order of a state ~~children, youth, and families~~ human services judge and issue the order to the county agency and the applicant, recipient, or former recipient. If the commissioner refuses to accept the recommended order of the state ~~children, youth, and families~~ human services judge, the commissioner shall notify the petitioner or the agency of the commissioner's refusal and shall state reasons for the refusal. The commissioner shall allow each party ten days' time to submit additional written argument on the matter. After the expiration of the ten-day period, the commissioner shall issue an order on the matter to the petitioner and the agency.

(b) A party aggrieved by an order of the commissioner may appeal under subdivision ~~7~~ 5 or request reconsideration by the commissioner within 30 days after the date the commissioner issues the order. The commissioner may reconsider an order upon request of any party or on the commissioner's own motion. A request for reconsideration does not stay implementation of the commissioner's order. The person seeking reconsideration has the burden to demonstrate why the matter should be reconsidered. The request for reconsideration may include legal argument and proposed additional evidence supporting the request. If proposed additional evidence is submitted, the person must explain why the proposed additional evidence was not provided at the time of the hearing. If reconsideration is granted, the other participants must be sent a copy of all material submitted in support of the request for reconsideration and must be given ten days to respond. Upon reconsideration, the commissioner may issue an amended order or an order affirming the original order.

(c) Any order of the commissioner issued under this subdivision shall be conclusive upon the parties unless appeal is taken in the manner provided by subdivision ~~7~~ 5. Any order of the commissioner is binding on the parties and must be implemented by the state agency or a county agency until the order is reversed by the district court or unless the commissioner or a district court orders monthly assistance or aid or services paid or provided under subdivision ~~4~~ 8.

(d) A vendor under contract with a county agency to provide social services is not a party and may not request a hearing or seek judicial review of an order issued under this section, unless assisting a recipient as provided in section 256.045, subdivision 4.

Sec. 20. Laws 2024, chapter 80, article 1, section 38, subdivision 6, is amended to read:

Subd. 6. **Additional powers of commissioner; subpoenas.** (a) The commissioner may initiate a review of any action or decision of a county agency and direct that the matter be presented to a state ~~children, youth, and families~~ human services judge for a hearing held under subdivision 2 or ~~3~~ section 256.045, subdivision 3b. In all matters dealing with children, youth, and families committed by law to the discretion of the county agency, the commissioner's judgment may be substituted for that of the county agency. The commissioner may order an independent examination when appropriate.

(b) Any party to a hearing held pursuant to subdivision 2 or ~~3~~ section 256.045, subdivision 3b, may request that the commissioner issue a subpoena to compel the attendance of witnesses and the production of records at the hearing. A local agency may request that the commissioner issue a subpoena to compel the release of information from third parties prior to a request for a hearing under section 142A.21 upon a showing of relevance to such a proceeding. The issuance, service, and enforcement of subpoenas under this subdivision is governed by section 357.22 and the Minnesota Rules of Civil Procedure.

~~(c) The commissioner may issue a temporary order staying a proposed demission by a residential facility licensed under chapter 142B:~~

~~(1) while an appeal by a recipient under subdivision 3 is pending; or~~

~~(2) for the period of time necessary for the case management provider to implement the commissioner's order.~~

Sec. 21. Laws 2024, chapter 80, article 1, section 38, subdivision 7, is amended to read:

Subd. 7. **Judicial review.** Any party who is aggrieved by an order of the commissioner of children, youth, and families may appeal the order to the district court of the county responsible for furnishing assistance, or, in appeals under section 256.045, subdivision ~~3~~ 3b, the county where the maltreatment occurred, by serving a written copy of a notice of appeal upon the commissioner and any adverse party of record within 30 days after the date the commissioner issued the order, the amended order, or order affirming the original order, and by filing the original notice and proof of service with the court administrator of the district court. Service may be made personally or by mail; service by mail is complete upon mailing. The court administrator shall not require a filing fee in appeals taken pursuant to this subdivision, except for appeals taken under section 256.045, subdivision ~~3~~ 3b. The commissioner may elect to become a party to the proceedings in the district court. Except for appeals under section 256.045, subdivision ~~3~~ 3b, any party may demand that the commissioner furnish all parties to the proceedings with a copy of the decision, and a transcript of any testimony, evidence, or other supporting papers from the hearing held before the ~~children, youth, and families~~ state human services judge, by serving a written demand upon the commissioner within 30 days after service of the notice of appeal. Any party aggrieved by the failure of an adverse party to obey an order issued by the commissioner under subdivision 5 may compel performance according to the order in the manner prescribed in sections 586.01 to 586.12.

Sec. 22. Laws 2024, chapter 80, article 1, section 38, subdivision 9, is amended to read:

Subd. 9. **Appeal.** Any party aggrieved by the order of the district court may appeal the order as in other civil cases. Except for appeals under section 256.045, subdivision ~~3~~ 3b, no costs or disbursements shall be taxed against any party nor shall any filing fee or bond be required of any party.

Sec. 23. Laws 2024, chapter 80, article 1, section 96, is amended to read:

Sec. 96. **REVISOR INSTRUCTION.**

The revisor of statutes must renumber sections or subdivisions in Column A as Column B.

Column A	Column B
256.01, subdivision 12	142A.03, subdivision 7
256.01, subdivision 12a	142A.03, subdivision 8
256.01, subdivision 15	142A.03, subdivision 10
256.01, subdivision 36	142A.03, subdivision 22
256.0112, subdivision 10	142A.07, subdivision 8
256.019, subdivision 2	142A.28, subdivision 2
256.4793	142A.45
256.4794	142A.451
256.82	142A.418
256.9831	142A.13, subdivision 14
256.9862, subdivision 1	142A.13, subdivision 10
256.9862, subdivision 2	142A.13, subdivision 11

256.9863	142A.13, subdivision 5
256.9865, subdivision 1	142A.13, subdivision 6
256.9865, subdivision 2	142A.13, subdivision 7
256.9865, subdivision 3	142A.13, subdivision 8
256.9865, subdivision 4	142A.13, subdivision 9
256.987, subdivision 2	142A.13, subdivision 2
256.987, subdivision 3	142A.13, subdivision 3
256.987, subdivision 4	142A.13, subdivision 4
256.9871	142A.13, subdivision 12
256.9872	142A.13, subdivision 13
256.997	142A.30
256.998	142A.29
256B.06, subdivision 6	142A.40
256E.20	142A.41
256E.21	142A.411
256E.22	142A.412
256E.24	142A.413
256E.25	142A.414
256E.26	142A.415
256E.27	142A.416
256E.28	142A.417
<u>256E.38</u>	<u>142A.42</u>
256N.001	142A.60
256N.01	142A.601
256N.02	142A.602
256N.20	142A.603
256N.21	142A.604
256N.22	142A.605
256N.23	142A.606
256N.24	142A.607
256N.25	142A.608
256N.26	142A.609
256N.261	142A.61
256N.27	142A.611
256N.28	142A.612
<u>257.85</u>	<u>142A.65</u>
257.175	142A.03, subdivision 32
257.33, subdivision 1	142A.03, subdivision 33
257.33, subdivision 2	142A.03, subdivision 34
260.014	142A.452
299A.72	142A.75
299A.73	142A.43
299A.95	142A.76

The revisor of statutes must correct any statutory cross-references consistent with this renumbering.

Sec. 24. Laws 2024, chapter 80, article 4, section 26, is amended to read:

Sec. 26. **REVISOR INSTRUCTION.**

(a) The revisor of statutes shall renumber each section of Minnesota Statutes listed in column A with the number listed in column B. The revisor shall also make necessary cross-reference changes consistent with the renumbering. The revisor shall also make any technical, language, and other changes necessitated by the renumbering and cross-reference changes in this act.

Column A	Column B
119A.50	142D.12
119A.52	142D.121
119A.53	142D.122
119A.535	142D.123
119A.5411	142D.124
119A.545	142D.125
119B.195	142D.30
119B.196	142D.24
119B.25	142D.20
119B.251	142D.31
119B.252	142D.32
119B.27	142D.21
119B.28	142D.22
119B.29	142D.23
121A.16	142D.09
121A.17	142D.091
121A.18	142D.092
121A.19	142D.093
<u>122A.731</u>	<u>142D.33</u>
124D.13	142D.10
124D.135	142D.11
124D.141	142D.16
124D.142	142D.13
124D.15	142D.05
124D.151	142D.08
124D.16	142D.06
124D.165	142D.25
124D.2211	142D.14
124D.23	142D.15

(b) The revisor of statutes shall codify Laws 2017, First Special Session chapter 5, article 8, section 9, as amended by article 4, section 25, as Minnesota Statutes, section 142D.07.

(c) The revisor of statutes shall change "commissioner of education" to "commissioner of children, youth, and families" and change "Department of Education" to "Department of Children, Youth, and Families" as necessary in Minnesota Statutes, chapters 119A and 120 to 129C, to reflect the changes in this act and Laws 2023, chapter 70, article 12. The revisor shall also make any technical, language, and other changes resulting from the change of term to the statutory language, sentence structure, or both, if necessary to preserve the meaning of the text.

Sec. 25. Laws 2024, chapter 80, article 6, section 4, is amended to read:

Sec. 4. **REVISOR INSTRUCTION.**

(a) The revisor of statutes must renumber each section of Minnesota Statutes in Column A with the number in Column B.

Column A	Column B
245.771	142F.05
256D.60	142F.10
256D.61	142F.11
256D.62	142F.101
256D.63	142F.102
256D.64	142F.13
256D.65	142F.12
256E.30	142F.30
256E.31	142F.301
256E.32	142F.302
256E.34	142F.14
<u>256E.342</u>	<u>142F.15</u>
256E.35	142F.20

(b) The revisor of statutes must correct any statutory cross-references consistent with this renumbering.

Sec. 26. **DIRECTION TO THE COMMISSIONER OF CHILDREN, YOUTH, AND FAMILIES; COORDINATION OF SERVICES FOR CHILDREN WITH DISABILITIES AND MENTAL HEALTH.**

The commissioner of children, youth, and families shall designate a department leader to be responsible for coordination of services and outcomes around children's mental health and for children with or at risk for disabilities within and between the Department of Children, Youth, and Families; the Department of Human Services; and related agencies.

Sec. 27. **REVISOR INSTRUCTION.**

The revisor of statutes must correct any statutory cross-references consistent with this act.

Sec. 28. **REPEALER.**

(a) Minnesota Statutes 2022, section 245.975, subdivision 8, is repealed.

(b) Laws 2024, chapter 80, article 1, sections 38, subdivisions 3, 4, and 11; 39; and 43, subdivision 2; and Laws 2024, chapter 80, article 7, sections 3; and 9, are repealed.

ARTICLE 6
EARLY CHILDHOOD EDUCATION

Section 1. Minnesota Statutes 2023 Supplement, section 124D.151, subdivision 6, is amended to read:

Subd. 6. **Participation limits.** (a) Notwithstanding section 126C.05, subdivision 1, paragraph (c), the pupil units for a voluntary prekindergarten program for an eligible school district or charter school must not exceed 60 percent of the kindergarten pupil units for that school district or charter school under section 126C.05, subdivision 1, paragraph (d).

(b) In reviewing applications under subdivision 5, the commissioner must limit the total number of participants in the voluntary prekindergarten and school readiness plus programs under Laws 2017, First Special Session chapter 5, article 8, section 9, to not more than 7,160 participants for fiscal ~~years 2023, year 2024, and 2025~~, and 12,360 participants for fiscal year ~~2026~~ 2025 and later.

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

Sec. 2. Minnesota Statutes 2023 Supplement, section 124D.165, subdivision 3, is amended to read:

Subd. 3. **Administration.** (a) The commissioner shall establish a schedule of tiered per-child scholarship amounts based on the results of the rate survey conducted under section 119B.02, subdivision 7, the cost of providing high-quality early care and learning to children in varying circumstances, a family's income, and geographic location.

(b) Notwithstanding paragraph (a), a program that has a four-star rating under section 124D.142 must receive, for each scholarship recipient who meets the criteria in subdivision 2a, paragraph (b) or (c), an amount not less than the cost to provide full-time care at the 75th percentile of the most recent market rate survey under section 119B.02, subdivision 7.

(c) A four-star rated program that has children eligible for a scholarship enrolled in or on a waiting list for a program beginning in July, August, or September may notify the commissioner, in the form and manner prescribed by the commissioner, each year of the program's desire to enhance program services or to serve more children than current funding provides. The commissioner may designate a predetermined number of scholarship slots for that program and notify the program of that number. For fiscal year 2018 and later, the statewide amount of funding directly designated by the commissioner must not exceed the funding directly designated for fiscal year 2017. Beginning July 1, 2016, a school district or Head Start program qualifying under this paragraph may use its established registration process to enroll scholarship recipients and may verify a scholarship recipient's family income in the same manner as for other program participants.

(d) A scholarship is awarded for a 12-month period. If the scholarship recipient has not been accepted and subsequently enrolled in a rated program within three months of the awarding of the scholarship, the scholarship cancels and the recipient must reapply in order to be eligible for another scholarship. An extension may be requested if a program is unavailable for the child within the three-month timeline. A child may not be awarded more than one scholarship in a 12-month period.

(e) A child who receives a scholarship who has not completed development screening under sections 121A.16 to 121A.19 must complete that screening within 90 days of first attending an eligible program or within 90 days after the child's third birthday if awarded a scholarship under the age of three.

(f) For fiscal year 2017 ~~and later~~ through calendar year 2025, a school district or Head Start program enrolling scholarship recipients under paragraph (c) may apply to the commissioner, in the form and manner prescribed by the commissioner, for direct payment of state aid. Upon receipt of the application, the commissioner must pay each program directly for each approved scholarship recipient enrolled under paragraph (c) according to the metered payment system or another schedule established by the commissioner.

(g) Beginning January 1, 2026, the commissioner must:

(1) make scholarship payments to eligible programs in advance of or at the beginning of the delivery of services based on an approved scholarship recipient's enrollment; and

(2) implement a process for transferring scholarship awards between eligible programs, when initiated by a scholarship recipient. Under the process, the commissioner:

(i) may adjust scholarship payment schedules for eligible programs to account for changes in a scholarship recipient's enrollment; and

(ii) must specify a period of time for which scholarship payments must continue to an eligible program for a scholarship recipient who transfers to a different eligible program.

(h) By January 1, 2026, the commissioner must have information technology systems in place that prioritize efficiency and usability for families and early childhood programs and that support the following:

(1) the ability for a family to apply for a scholarship through an online system that allows the family to upload documents that demonstrate scholarship eligibility;

(2) the administration of scholarships, including but not limited to verification of family and child eligibility, identification of programs eligible to accept scholarships, management of scholarship awards and payments, and communication with families and eligible programs; and

(3) making scholarship payments to eligible programs in advance of or at the beginning of the delivery of services for an approved scholarship recipient.

(i) In creating the information technology systems and functions under paragraph (h), the commissioner must consider the requirements for and the potential transition to the great start scholarships program under section 119B.99.

Sec. 3. Minnesota Statutes 2023 Supplement, section 124D.165, subdivision 6, is amended to read:

Subd. 6. **Early learning scholarship account.** (a) An account is established in the special revenue fund known as the "early learning scholarship account."

(b) Funds appropriated for early learning scholarships under this section must be transferred to the early learning scholarship account in the special revenue fund.

(c) Money in the account is annually appropriated to the commissioner for early learning scholarships under this section. Any returned funds are available to be granted.

(d) Up to \$2,133,000 annually is appropriated to the commissioner for costs associated with administering and monitoring early learning scholarships.

(e) The commissioner may use funds under paragraph (c) for the purpose of family outreach and distribution of scholarships.

(f) The commissioner may use ~~up to \$5,000,000 in~~ funds under paragraph (c) to create and maintain the information technology systems, including but not limited to an online application, a case management system, attendance tracking, and a centralized payment system under subdivision 3, paragraph (h). ~~Beginning July 1, 2025, the commissioner may use up to \$750,000 annually in funds under paragraph (c) to maintain the information technology systems created under this paragraph.~~

(g) By December 31 of each year, the commissioner must provide a written report to the legislative committees with jurisdiction over early care and education programs on the use of funds under paragraph (c) for purposes other than providing scholarships to eligible children.

Sec. 4. Laws 2023, chapter 54, section 20, subdivision 6, is amended to read:

Subd. 6. **Head Start program.** (a) For Head Start programs under Minnesota Statutes, section 119A.52:

\$35,100,000	2024
\$35,100,000	2025

(b) Up to two percent of the appropriation in fiscal year 2025 is available for administration.

~~(b)~~ (c) Any balance in the first year does not cancel but is available in the second year.

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

Sec. 5. Laws 2023, chapter 54, section 20, subdivision 24, is amended to read:

Subd. 24. **Early childhood curriculum grants.** (a) For competitive grants to Minnesota postsecondary institutions to improve the curricula of the recipient institution's early childhood education programs by incorporating or conforming to the Minnesota knowledge and competency frameworks for early childhood professionals:

\$250,000	2024
\$250,000	2025

(b) By December 1, 2024, and again by December 1, 2025, the commissioner must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over early childhood through grade 12 education and higher education finance and policy reporting on grants awarded under this subdivision. The report must include the following information for the previous fiscal year:

- (1) the number of grant applications received;
- (2) the criteria applied by the commissioner for evaluating applications;
- (3) the number of grants awarded, grant recipients, and amounts awarded;
- (4) early childhood education curricular reforms proposed by each recipient institution;
- (5) grant outcomes for each recipient institution; and
- (6) other information identified by the commissioner as outcome indicators.

(c) The commissioner may use no more than three percent of the appropriation under this subdivision to administer the grant program.

(d) This is a onetime appropriation.

(e) Any balance in the first year does not cancel but is available in the second year.

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

ARTICLE 7
 APPROPRIATIONS

Section 1. **HEALTH AND HUMAN SERVICES APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2023, chapter 70, article 20, to the agencies and for the purposes specified in this article. The appropriations are from the general fund or other named fund and are available for the fiscal years indicated for each purpose. The figures "2024" and "2025" used in this article mean that the addition to or subtraction from the appropriation listed under them is available for the fiscal year ending June 30, 2024, or June 30, 2025, respectively. Base adjustments mean the addition to or subtraction from the base level adjustment set in Laws 2023, chapter 70, article 20. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2024, are effective the day following final enactment unless a different effective date is explicit.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2024</u>	<u>2025</u>

Sec. 2. **COMMISSIONER OF HUMAN SERVICES**

<u>Subdivision 1. Total Appropriation</u>	<u>\$2,193,000</u>	<u>\$29,884,000</u>
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Appropriations by Fund

	<u>2024</u>	<u>2025</u>
<u>General</u>	<u>2,193,000</u>	<u>29,884,000</u>

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

Subd. 2. Central Office; Operations

Appropriations by Fund

<u>General</u>	<u>(405,000)</u>	<u>12,872,000</u>
<u>TANF</u>	<u>(990,000)</u>	<u>(1,094,000)</u>

(a) Child welfare technology system. \$8,657,000 in fiscal year 2025 is for information technology improvements to the statewide child welfare information system. This is a onetime appropriation and is available until June 30, 2026.

(b) Base level adjustment. The general fund base is increased by \$4,411,000 in fiscal year 2026 and by \$4,411,000 in fiscal year 2027. The TANF base is decreased by \$1,094,000 in fiscal year 2026 and by \$1,094,000 in fiscal year 2027.

Subd. 3. Central Office; Children and FamiliesAppropriations by Fund

<u>General</u>	<u>2,598,000</u>	<u>6,467,000</u>
<u>TANF</u>	<u>990,000</u>	<u>1,094,000</u>

(a) **Child maltreatment reporting review.** \$200,000 in fiscal year 2025 is to conduct a review of child maltreatment reporting processes and systems in various states, evaluate the costs and benefits of each reviewed state's system, and submit a report to the legislature with recommendations. This is a onetime appropriation.

(b) **Child welfare fiscal analysis.** \$250,000 in fiscal year 2025 is for a contract with a third-party consultant to conduct an independent fiscal analysis of the child welfare system in Minnesota. This is a onetime appropriation and is available until June 30, 2026.

(c) **Pregnant and parenting homeless youth study.** \$150,000 in fiscal year 2025 is for a contract with the Wilder Foundation to conduct a study of pregnant and parenting homeless youth. This is a onetime appropriation.

(d) **Needs analysis for LGBTQIA+ youth experiencing homelessness.** \$150,000 in fiscal year 2025 is for a contract to conduct a needs analysis and a site analysis for emergency shelter serving LGBTQIA+ youth experiencing homelessness. This is a onetime appropriation and is available until June 30, 2026.

(e) **Base level adjustment.** The general fund base is increased by \$5,208,000 in fiscal year 2026 and by \$5,208,000 in fiscal year 2027. The TANF base is increased by \$1,094,000 in fiscal year 2026 and by \$1,094,000 in fiscal year 2027.

Subd. 4. Grant Programs; Child Care Development Grants

-0-

360,000

Child development associate credential coursework. \$360,000 in fiscal year 2025 is for distribution to child care resource and referral programs to coordinate professional development opportunities for child care providers under Minnesota Statutes, section 119B.19, subdivision 7, clause (5), for training related to obtaining a child development associate credential. This is a onetime appropriation and is available through June 30, 2026.

Subd. 5. Grant Programs; Children's Services Grants

-0-

760,000

Preventing nonrelative foster care placement grants. \$760,000 in fiscal year 2025 is for preventing nonrelative foster care placement grants. This is a onetime appropriation and is available until June 30, 2028.

<u>Subd. 6. Grant Programs; Child and Community Service Grants</u>	-0-	<u>(2,704,000)</u>
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<u>Subd. 7. Grant Programs; Children and Economic Support Grants</u>	-0-	<u>9,111,000</u>
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(a) American Indian food sovereignty funding program. \$1,000,000 in fiscal year 2025 is for the American Indian food sovereignty funding program under Minnesota Statutes, section 256E.342. This is a onetime appropriation and is available until June 30, 2026.

(b) Minnesota food bank funding. \$2,000,000 in fiscal year 2025 is for Minnesota's regional food banks that the commissioner contracts with for the purposes of the emergency food assistance program (TEFAP). The commissioner shall distribute funding under this paragraph in accordance with the federal TEFAP formula and guidelines of the United States Department of Agriculture. Funding must be used by all regional food banks to purchase food that will be distributed free of charge to TEFAP partner agencies. Funding must also cover the handling and delivery fees typically paid by food shelves to food banks to ensure that costs associated with funding under this paragraph are not incurred at the local level. This is a onetime appropriation.

(c) Minnesota food shelf program. \$2,000,000 in fiscal year 2025 is for the Minnesota food shelf program under Minnesota Statutes, section 256E.34. This is a onetime appropriation.

(d) Emergency services program. \$4,000,000 in fiscal year 2025 is for emergency services grants under Minnesota Statutes, section 256E.36. The commissioner must distribute grants under this paragraph to entities that received an emergency services grant award for fiscal years 2024 and 2025 and have emerging, critical, and immediate homelessness response needs that have arisen since receiving the award, including: (1) the need to support overnight emergency shelter capacity or daytime service capacity that has a demonstrated and significant increase in the number of persons served in fiscal year 2024 compared to fiscal year 2023; and (2) the need to maintain existing overnight emergency shelter bed capacity or daytime service capacity that has a demonstrated and significant risk of closure before April 30, 2025. This is a onetime appropriation and is available until June 30, 2027.

(e) Base level adjustment. The general fund base is reduced by \$2,593,000 in fiscal year 2026 and by \$2,593,000 in fiscal year 2027.

Subd. 8. **Fraud Prevention Grants** -0- 3,018,000

Base level adjustment. The general fund base is increased by \$3,018,000 in fiscal year 2026 and by \$3,018,000 in fiscal year 2027.

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

Sec. 3. **DEPARTMENT OF EDUCATION** **\$1,822,000** **\$1,715,000**

(a) **Summer EBT.** \$1,822,000 in fiscal year 2024 and \$1,542,000 in fiscal year 2025 are for administration of the summer electronic benefits transfer program under Public Law 117-328. The base for this appropriation is \$572,000 in fiscal year 2026 and \$572,000 in fiscal year 2027.

(b) **Operating adjustment due to DCYF transition.** \$173,000 in fiscal year 2025 is for the agency to maintain current levels of service after the transition of staff and resources to the Department of Children, Youth, and Families. The base for this appropriation is \$345,000 in fiscal year 2026 and \$345,000 in fiscal year 2027.

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

Sec. 4. **COMMISSIONER OF CHILDREN, YOUTH, AND FAMILIES** **\$0** **\$3,279,000**

Base level adjustment. The general fund base is increased by \$7,183,000 in fiscal year 2026 and \$6,833,000 in fiscal year 2027.

Sec. 5. **OFFICE OF THE FAMILY CHILD CARE OMBUDSPERSON** **\$0** **\$350,000**

This is a onetime appropriation.

Sec. 6. **SUPREME COURT** **\$0** **\$800,000**

Supreme Court Council on Child Protection. \$800,000 in fiscal year 2025 is for the establishment and administration of the Supreme Court Council on Child Protection. This is a onetime appropriation and is available until June 30, 2026.

Sec. 7. Laws 2023, chapter 70, article 20, section 2, subdivision 22, is amended to read:

Subd. 22. **Grant Programs; Children's Services Grants**

Appropriations by Fund

General	86,212,000	85,063,000
Federal TANF	140,000	140,000

(a) **Title IV-E Adoption Assistance.** The commissioner shall allocate funds from the state's savings from the Fostering Connections to Success and Increasing Adoptions Act's expanded eligibility for Title IV-E adoption assistance as required in Minnesota Statutes, section 256N.261, and as allowable under federal law. Additional savings to the state as a result of the Fostering Connections to Success and Increasing Adoptions Act's expanded eligibility for Title IV-E adoption assistance is for postadoption, foster care, adoption, and kinship services, including a parent-to-parent support network and as allowable under federal law.

(b) **Mille Lacs Band of Ojibwe American Indian child welfare initiative.** \$3,337,000 in fiscal year 2024 and \$5,294,000 in fiscal year 2025 are from the general fund for the Mille Lacs Band of Ojibwe to join the American Indian child welfare initiative. The base for this appropriation is \$7,893,000 in fiscal year 2026 and \$7,893,000 in fiscal year 2027.

(c) **Leech Lake Band of Ojibwe American Indian child welfare initiative.** \$1,848,000 in fiscal year 2024 and \$1,848,000 in fiscal year 2025 are from the general fund for the Leech Lake Band of Ojibwe to participate in the American Indian child welfare initiative.

(d) **Red Lake Band of Chippewa American Indian child welfare initiative.** \$3,000,000 in fiscal year 2024 and \$3,000,000 in fiscal year 2025 are from the general fund for the Red Lake Band of Chippewa to participate in the American Indian child welfare initiative.

(e) **White Earth Nation American Indian child welfare initiative.** \$3,776,000 in fiscal year 2024 and \$3,776,000 in fiscal year 2025 are from the general fund for the White Earth Nation to participate in the American Indian child welfare initiative.

(f) **Indian Child welfare grants.** \$4,405,000 in fiscal year 2024 and \$4,405,000 in fiscal year 2025 are from the general fund for Indian child welfare grants under Minnesota Statutes, section 260.785. The base for this appropriation is \$4,640,000 in fiscal year 2026 and \$4,640,000 in fiscal year 2027.

(g) **Child welfare staff allocation for Tribes.** \$799,000 in fiscal year 2024 and \$799,000 in fiscal year 2025 are from the general fund for grants to Tribes for child welfare staffing under Minnesota Statutes, section 260.786.

(h) **Grants for kinship navigator services.** \$764,000 in fiscal year 2024 and \$764,000 in fiscal year 2025 are from the general fund for grants for kinship navigator services and grants to Tribal Nations for kinship navigator services under Minnesota Statutes, section 256.4794. The base for this appropriation is \$506,000 in fiscal year 2026 and \$507,000 in fiscal year 2027.

(i) **Family first prevention and early intervention assessment response grants.** \$4,000,000 in fiscal year 2024 and \$6,112,000 in fiscal year 2025 are from the general fund for family assessment response grants under Minnesota Statutes, section 260.014. The base for this appropriation is \$6,000,000 in fiscal year 2026 and \$6,000,000 in fiscal year 2027.

(j) **Grants for evidence-based prevention and early intervention services.** \$4,329,000 in fiscal year 2024 and \$4,100,000 in fiscal year 2025 are from the general fund for grants to support evidence-based prevention and early intervention services under Minnesota Statutes, section 256.4793.

(k) **Grant to administer pool of qualified individuals for assessments.** \$250,000 in fiscal year 2024 and \$250,000 in fiscal year 2025 are from the general fund for grants to establish and manage a pool of state-funded qualified individuals to conduct assessments for out-of-home placement of a child in a qualified residential treatment program.

(l) **Quality parenting initiative grant program.** \$100,000 in fiscal year 2024 and \$100,000 in fiscal year 2025 are from the general fund for a grant to Quality Parenting Initiative Minnesota under Minnesota Statutes, section 245.0962.

(m) **STAY in the community grants.** \$1,579,000 in fiscal year 2024 and \$2,247,000 in fiscal year 2025 are from the general fund for the STAY in the community program under Minnesota Statutes, section 260C.452. This is a onetime appropriation and is available until June 30, 2027.

(n) **Grants for community resource centers.** \$5,657,000 in fiscal year 2024 is from the general fund for grants to establish a network of community resource centers. This is a onetime appropriation and is available until June 30, 2027.

~~(o) **Family assets for independence in Minnesota.** \$1,405,000 in fiscal year 2024 and \$1,391,000 in fiscal year 2025 are from the general fund for the family assets for independence in Minnesota program, under Minnesota Statutes, section 256E.35. This is a onetime appropriation and is available until June 30, 2027.~~

~~(p)~~ (o) **Base level adjustment.** The general fund base is \$85,280,000 in fiscal year 2026 and \$85,281,000 in fiscal year 2027.

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

Sec. 8. Laws 2023, chapter 70, article 20, section 2, subdivision 24, is amended to read:

Subd. 24. Grant Programs; Children and Economic Support Grants	212,877,000	78,333,000
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(a) **Fraud prevention initiative start-up grants.** \$400,000 in fiscal year 2024 is for start-up grants to the Red Lake Nation, White Earth Nation, and Mille Lacs Band of Ojibwe to develop a fraud prevention program. This is a onetime appropriation and is available until June 30, 2025.

(b) **American Indian food sovereignty funding program.** \$3,000,000 in fiscal year 2024 and \$3,000,000 in fiscal year 2025 are for Minnesota Statutes, section 256E.342. This appropriation is available until June 30, 2025. The base for this appropriation is \$2,000,000 in fiscal year 2026 and \$2,000,000 in fiscal year 2027.

(c) **Hennepin County grants to provide services to people experiencing homelessness.** \$11,432,000 in fiscal year 2024 is for grants to maintain capacity for shelters and services provided to persons experiencing homelessness in Hennepin County. Of this amount:

- (1) \$4,500,000 is for a grant to Avivo Village;
- (2) \$2,000,000 is for a grant to the American Indian Community Development Corporation Homeward Bound shelter;
- (3) \$1,650,000 is for a grant to the Salvation Army Harbor Lights shelter;
- (4) \$500,000 is for a grant to Agate Housing and Services;
- (5) \$1,400,000 is for a grant to Catholic Charities of St. Paul and Minneapolis;
- (6) \$450,000 is for a grant to Simpson Housing; and
- (7) \$932,000 is for a grant to Hennepin County.

Nothing shall preclude an eligible organization receiving funding under this paragraph from applying for and receiving funding under Minnesota Statutes, section 256E.33, 256E.36, 256K.45, or 256K.47, nor does receiving funding under this paragraph count against any eligible organization in the competitive processes related to those grant programs under Minnesota Statutes, section 256E.33, 256E.36, 256K.45, or 256K.47.

(d) **Diaper distribution grant program.** \$545,000 in fiscal year 2024 and \$553,000 in fiscal year 2025 are for a grant to the Diaper Bank of Minnesota under Minnesota Statutes, section 256E.38.

(e) **Prepared meals food relief.** \$1,654,000 in fiscal year 2024 and \$1,638,000 in fiscal year 2025 are for prepared meals food relief grants. This is a onetime appropriation.

(f) **Emergency shelter facilities.** \$98,456,000 in fiscal year 2024 is for grants to eligible applicants for emergency shelter facilities. This is a onetime appropriation and is available until June 30, 2028.

(g) **Homeless youth cash stipend pilot project.** \$5,302,000 in fiscal year 2024 is for a grant to Youthprise for the homeless youth cash stipend pilot project. The grant must be used to provide cash stipends to homeless youth, provide cash incentives for stipend recipients to participate in periodic surveys, provide youth-designed optional services, and complete a legislative report. This is a onetime appropriation and is available until June 30, ~~2028~~ 2027.

(h) **Heading Home Ramsey County continuum of care grants.** \$11,432,000 in fiscal year 2024 is for grants to maintain capacity for shelters and services provided to people experiencing homelessness in Ramsey County. Of this amount:

(1) \$2,286,000 is for a grant to Catholic Charities of St. Paul and Minneapolis;

(2) \$1,498,000 is for a grant to More Doors;

(3) \$1,734,000 is for a grant to Interfaith Action Project Home;

(4) \$2,248,000 is for a grant to Ramsey County;

(5) \$689,000 is for a grant to Radies Health;

(6) \$493,000 is for a grant to The Listening House;

(7) \$512,000 is for a grant to Face to Face; and

(8) \$1,972,000 is for a grant to the city of St. Paul.

Nothing shall preclude an eligible organization receiving funding under this paragraph from applying for and receiving funding under Minnesota Statutes, section 256E.33, 256E.36, 256K.45, or 256K.47, nor does receiving funding under this paragraph count against any eligible organization in the competitive processes related to those grant programs under Minnesota Statutes, section 256E.33, 256E.36, 256K.45, or 256K.47.

(i) **Capital for emergency food distribution facilities.** \$7,000,000 in fiscal year 2024 is for improving and expanding the infrastructure of food shelf facilities. Grant money must be made

available to nonprofit organizations, federally recognized Tribes, and local units of government. This is a onetime appropriation and is available until June 30, 2027.

(j) **Emergency services program grants.** \$15,250,000 in fiscal year 2024 and \$14,750,000 in fiscal year 2025 are for emergency services grants under Minnesota Statutes, section 256E.36. Any unexpended amount in the first year does not cancel and is available in the second year. The base for this appropriation is \$25,000,000 in fiscal year 2026 and \$30,000,000 in fiscal year 2027.

(k) **Homeless Youth Act grants.** \$15,136,000 in fiscal year 2024 and \$15,136,000 in fiscal year 2025 are for grants under Minnesota Statutes, section 256K.45, subdivision 1. Any unexpended amount in the first year does not cancel and is available in the second year.

(l) **Transitional housing programs.** \$3,000,000 in fiscal year 2024 and \$3,000,000 in fiscal year 2025 are for transitional housing programs under Minnesota Statutes, section 256E.33. Any unexpended amount in the first year does not cancel and is available in the second year.

(m) **Safe harbor shelter and housing grants.** \$2,125,000 in fiscal year 2024 and \$2,125,000 in fiscal year 2025 are for grants under Minnesota Statutes, section 256K.47. Any unexpended amount in the first year does not cancel and is available in the second year. The base for this appropriation is \$1,250,000 in fiscal year 2026 and \$1,250,000 in fiscal year 2027.

(n) **Supplemental nutrition assistance program (SNAP) outreach.** \$1,000,000 in fiscal year 2024 and \$1,000,000 in fiscal year 2025 are for the SNAP outreach program under Minnesota Statutes, section 256D.65. The base for this appropriation is \$500,000 in fiscal year 2026 and \$500,000 in fiscal year 2027.

(o) **Base level adjustment.** The general fund base is \$83,179,000 in fiscal year 2026 and \$88,179,000 in fiscal year 2027.

(p) **Minnesota food assistance program.** Unexpended funds for the Minnesota food assistance program under Minnesota Statutes, section 256D.64, for fiscal year 2024 are available until June 30, 2025.

(q) **Family assets for independence in Minnesota.** \$1,405,000 in fiscal year 2024 and \$1,391,000 in fiscal year 2025 are from the general fund for the family assets for independence in Minnesota program under Minnesota Statutes, section 256E.35. This is a onetime appropriation and is available under June 30, 2027.

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

Sec. 9. Laws 2023, chapter 70, article 20, section 23, is amended to read:

Sec. 23. **TRANSFERS.**

Subdivision 1. **Grants.** The commissioner of human services and commissioner of children, youth, and families, with the approval of the commissioner of management and budget, may transfer unencumbered appropriation balances for the biennium ending June 30, 2025, within fiscal years among MFIP; general assistance; medical assistance; MinnesotaCare; MFIP child care assistance under Minnesota Statutes, section 119B.05; Minnesota supplemental aid program; housing support program; the entitlement portion of Northstar Care for Children under Minnesota Statutes, chapter 256N; and the entitlement portion of the behavioral health fund between fiscal years of the biennium. The commissioner shall report to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services quarterly about transfers made under this subdivision.

Subd. 2. **Administration.** Positions, salary money, and nonsalary administrative money may be transferred within and between the Department of Human Services and Department of Children, Youth, and Families as the commissioners consider necessary, with the advance approval of the commissioner of management and budget. The commissioners shall report to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services finance quarterly about transfers made under this section.

Sec. 10. **DEPARTMENT OF CHILDREN, YOUTH, AND FAMILIES FEDERAL REIMBURSEMENT.**

Minnesota Management and Budget shall reflect Department of Children, Youth, and Families federal reimbursement costs as expenditure reductions in the general fund budgeted fund balance as they would be reported in conformity with generally accepted accounting principles."

Delete the title and insert:

"A bill for an act relating to children; modifying provisions related to child protection, economic supports, housing and homelessness, child care licensing, the Department of Children, Youth, and Families, and early childhood education; requiring reports; appropriating money; amending Minnesota Statutes 2022, sections 245.975, subdivisions 2, 4, 9; 256.045, subdivisions 3b, as amended, 5, as amended, 7, as amended; 256.0451, subdivisions 1, as amended, 22, 24; 256.046, subdivision 2, as amended; 256E.35, subdivision 5; 256N.26, subdivisions 12, 13; 260C.331, by adding a subdivision; Minnesota Statutes 2023 Supplement, sections 124D.151, subdivision 6; 124D.165, subdivisions 3, 6; 256.01, subdivision 12b; 256.043, subdivisions 3, 3a; 256.045, subdivision 3, as amended; 256E.35, subdivision 2; 256E.38, subdivision 4; 518A.42, subdivision 3; Laws 2023, chapter 54, section 20, subdivisions 6, 24; Laws 2023, chapter 70, article 12, section 30, subdivisions 2, 3; article 14, section 42, by adding a subdivision; article 20, sections 2, subdivisions 22, 24; 23; Laws 2024, chapter 80, article 1, sections 38, subdivisions 1, 2, 5, 6, 7, 9; 96; article 4, section 26; article 6, section 4; proposing coding for new law in Minnesota Statutes, chapters 142A; 256D; 260E; proposing coding for new law as Minnesota Statutes, chapter 142B; repealing Minnesota Statutes 2022, sections 245.975, subdivision 8; 245A.065; 256.01, subdivisions 12, 12a; Laws 2024, chapter 80, article 1, sections 38, subdivisions 3, 4, 11; 39; 43, subdivision 2; article 7, sections 3; 9; Minnesota Rules, part 9560.0232, subpart 5."

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

The report was adopted.

Klevorn from the Committee on State and Local Government Finance and Policy to which was referred:

H. F. No. 3431, A bill for an act relating to state government; making technical changes under the governance of the Department of Administration; amending Minnesota Statutes 2022, sections 16B.055, subdivision 1; 16B.48, subdivision 4; 16C.137, subdivision 2; Minnesota Statutes 2023 Supplement, section 307.08, subdivision 3a.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
STATE GOVERNMENT APPROPRIATIONS

Section 1. Laws 2023, chapter 62, article 1, section 11, subdivision 2, is amended to read:

Subd. 2. Government and Citizen Services	39,928,000	19,943,000
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The base for this appropriation is \$17,268,000 in fiscal year 2026 and \$17,280,000 in fiscal year 2027.

Council on Developmental Disabilities. \$222,000 each year is for the Council on Developmental Disabilities.

State Agency Accommodation Reimbursement. \$200,000 each year may be transferred to the accommodation account established in Minnesota Statutes, section 16B.4805.

Disparity Study. \$500,000 the first year and \$1,000,000 the second year are to conduct a study on disparities in state procurement. This is a onetime appropriation.

Grants Administration Oversight. \$2,411,000 the first year and \$1,782,000 the second year are for grants administration oversight. The base for this appropriation in fiscal year 2026 and each year thereafter is \$1,581,000.

Of this amount, \$735,000 the first year and \$201,000 the second year are for a study to develop a road map on the need for an enterprise grants management system and to implement the study's recommendation. This is a onetime appropriation.

Risk Management Fund Property Self-Insurance. \$12,500,000 the first year is for transfer to the risk management fund under Minnesota Statutes, section 16B.85. This is a onetime appropriation.

Office of Enterprise Translations. \$1,306,000 the first year and \$1,159,000 the second year are to establish the Office of Enterprise Translations. \$250,000 each year may be transferred to the language access service account established in Minnesota Statutes, section 16B.373.

Capitol Mall Design Framework Implementation. \$5,000,000 the first year is to implement the updated Capitol Mall Design Framework, prioritizing the framework plans identified in article 2, section 124. This appropriation is available until December 31, 2024.

Parking Fund. \$3,255,000 the first year and \$1,085,000 the second year are for a transfer to the state parking account to maintain the operations of the parking and transit program on the Capitol complex. These are onetime transfers.

Procurement; Environmental Analysis and Task Force. \$522,000 the first year and \$367,000 the second year are to implement the provisions of Minnesota Statutes, section 16B.312.

Center for Rural Policy and Development. \$100,000 the first year is for a grant to the Center for Rural Policy and Development.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2023.

Sec. 2. Laws 2023, chapter 62, article 1, section 11, subdivision 4, is amended to read:

Subd. 4. Fiscal Agent	31,121,000	23,833,000
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The base for this appropriation is \$15,833,000 in fiscal year 2026 and each fiscal year thereafter.

The appropriations under this section are to the commissioner of administration for the purposes specified.

In-Lieu of Rent. \$11,129,000 each year is for space costs of the legislature and veterans organizations, ceremonial space, and statutorily free space.

Public Television. (a) \$1,550,000 each year is for matching grants for public television.

(b) \$250,000 each year is for public television equipment grants under Minnesota Statutes, section 129D.13.

(c) \$500,000 each year is for block grants to public television under Minnesota Statutes, section 129D.13. Of this amount, up to three percent is for the commissioner of administration to administer the grants. ~~This is a onetime appropriation.~~

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

Public Radio. (a) \$2,392,000 the first year and \$1,242,000 the second year are for community service grants to public educational radio stations. This appropriation may be used to disseminate emergency information in foreign languages. Any unencumbered balance does not cancel at the end of the first year and is available for the second year. The association of Minnesota Public Educational Radio Stations may use up to four percent of this appropriation to help the organization and its member stations to better serve Minnesota's communities.

(b) \$142,000 each year is for equipment grants to public educational radio stations. This appropriation may be used for the repair, rental, and purchase of equipment including equipment under \$500.

(c) \$850,000 the first year is for grants to the Association of Minnesota Public Educational Radio Stations for the purchase of emergency equipment and increased cybersecurity and broadcast technology. The Association of Minnesota Public Educational Radio Stations may use up to four percent of this appropriation ~~for costs that are directly related to and necessary for the administration of these grants to help the organization and its member stations to enhance cybersecurity, broadcast technology, and emergency services.~~

(d) \$1,288,000 the first year is for a grant to the Association of Minnesota Public Educational Radio Stations to provide a diverse community radio news service. Of this amount, up to \$38,000 is for the commissioner of administration to administer this grant. This is a onetime appropriation and is available until June 30, 2027.

(e) \$1,020,000 each year is for equipment grants to Minnesota Public Radio, Inc., including upgrades to Minnesota's Emergency Alert and AMBER Alert Systems.

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

(g) The commissioner of administration must consider the recommendations of the Association of Minnesota Public Educational Radio Stations before awarding grants under Minnesota Statutes, section 129D.14, using the appropriations in paragraphs (a) to (c). No grantee is eligible for a grant unless they are a member of the Association of Minnesota Public Educational Radio Stations on or before July 1, 2023.

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

Real Estate and Construction Services. \$12,000,000 the first year and \$8,000,000 the second year are to facilitate space consolidation and the transition to a hybrid work environment, including but not limited to the design, remodel, equipping, and furnishing of the space. This appropriation may also be used for relocation and rent loss. This is a onetime appropriation and is available until June 30, 2027.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2023.

Sec. 3. **CAPITOL AREA COMMUNITY VITALITY ACCOUNT.**

(a) Consistent with the program and oversight plan approved by the Capitol Area Architectural and Planning Board, the commissioner of administration must expend money from the Capitol Area community vitality account as follows:

(1) \$4,800,000 must be for a grant to the city of St. Paul, Department of Planning and Economic Development. The city must use this amount to make subgrants through the community vitality grant program, and to support the Community Voices Initiative. The city may retain amounts for grants administration and oversight, up to the maximum permitted to be retained by a state agency under Minnesota Statutes, section 16B.98, subdivision 14; and

(2) \$200,000 must be transferred to the Capitol Area Architectural and Planning Board for Community Navigators, and for startup and other costs to facilitate implementation of the community vitality grant program and the Community Voices Initiative.

(b) Minnesota Statutes, sections 16B.97 to 16B.991, do not apply to a grant required by this section.

(c) This section constitutes approval by law for the expenditure of funds from the Capitol Area community vitality account, as required by Laws 2023, chapter 53, article 17, section 2.

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

Sec. 4. **APPROPRIATION; COMMISSIONER OF ADMINISTRATION; IN LIEU OF RENT.**

\$43,000 in fiscal year 2025 is appropriated from the general fund to the commissioner of administration for space costs incurred in fiscal years 2025, 2026, and 2027 by tenants that provide public-facing professional services on the Capitol complex. The commissioner of administration must designate one publicly accessible space on the complex for which this appropriation may be used. This is a onetime appropriation and is available until June 30, 2027.

Sec. 5. **HEALTHY AND SUSTAINABLE FOOD OPTIONS ACCOUNT; TRANSFER.**

(a) A healthy and sustainable food options account is established as an account in the special revenue fund. Money in the account is appropriated to the commissioner of administration for the purpose of enhancing and sustaining access to healthy food alternatives on the State Capitol complex, in locations designated by the commissioner.

(b) \$500,000 in fiscal year 2025 is transferred from the general fund to the healthy and sustainable food options account. This is a onetime transfer.

Sec. 6. **GREEN SPACE; CAPITOL PARKING LOT C.**

\$445,000 in fiscal year 2025 is appropriated from the general fund to the commissioner of administration to design, construct, and equip additional green space, along with work needed to facilitate circulation and to add accessible parking stalls, on the site of Parking Lot C on the State Capitol complex. In addition to this amount, the commissioner may utilize for this purpose any funds remaining from the appropriation made by Laws 2023, chapter 71, section 6, subdivision 3, after the project authorized by that subdivision is complete.

Sec. 7. **APPROPRIATION; HUBERT H. HUMPHREY STATUE.**

\$300,000 in fiscal year 2025 is appropriated from the general fund to the commissioner of administration to replace the statue of Henry Mower Rice in the Statuary Hall in the United States Capitol with a statue of Hubert H. Humphrey. This appropriation includes money for the removal and transportation of the Henry Mower Rice statue to the Minnesota State Historical Society, to contract with the Koh-Varilla Guild, Inc., to replicate, with any modifications needed to meet requirements for placement, the Hubert H. Humphrey statue that currently stands on the mall of the Minnesota State Capitol, and the erection of the new Hubert H. Humphrey statue in the Statuary Hall in the United States Capitol, including the necessary base. This is a onetime appropriation and is available until December 31, 2026.

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

Sec. 8. **CANCELLATION; APPROPRIATION; CAPITOL MALL DESIGN FRAMEWORK.**

Subdivision 1. **Cancellation.** \$4,950,000 of the general fund appropriation in Laws 2023, chapter 62, article 1, section 11, subdivision 2, for implementation of the Capitol Mall Design Framework is canceled to the general fund by June 30, 2024.

Subd. 2. **Appropriation.** (a) \$6,162,000 in fiscal year 2025 is appropriated from the general fund to the commissioner of administration to design, construct, install, and equip the elements outlined in the authorizing legislation for the Capitol Mall Design Framework, as follows:

(1) landscaping, trees, benches, lighting, security, and irrigation on the upper mall, the northern border of the lower mall with Martin Luther King, Jr. Boulevard, and in the medians of John Ireland Boulevard between the intersection of Rice Street and Martin Luther King, Jr. Boulevard, and Cedar Street between the intersection of 12th Street and Martin Luther King Jr., Boulevard; and

(2) visual markers and welcome information for the Capitol campus, appropriately spaced for wayfinding of the major streets on the Capitol campus, anchoring a pathway to the State Capitol Building and Capitol Mall that features interpretive markers honoring the importance and stature of the Capitol campus as both a historic site and as a modern, active public gathering place for all visitors.

(b) Upon completion of the work identified in paragraph (a), clauses (1) and (2), any remaining balance of funds may be utilized to paint the Administration Building parking ramp and install new grates.

(c) This is a onetime appropriation and is available until December 31, 2029.

ARTICLE 2
STATE GOVERNMENT POLICY

Section 1. Minnesota Statutes 2023 Supplement, section 10.65, subdivision 2, is amended to read:

Subd. 2. **Definitions.** As used in this section, the following terms have the meanings given:

(1) "agency" means the Department of Administration; Department of Agriculture; Department of Children, Youth, and Families; Department of Commerce; Department of Corrections; Department of Education; Department of Employment and Economic Development; Department of Health; Office of Higher Education; Housing Finance Agency; Department of Human Rights; Department of Human Services; Department of Information Technology Services; Department of Iron Range Resources and Rehabilitation; Department of Labor and Industry; Minnesota Management and Budget; Bureau of Mediation Services; Department of Military Affairs; Metropolitan Council; Department of Natural Resources; Pollution Control Agency; Department of Public Safety; Department of Revenue; Department of Transportation; Department of Veterans Affairs; Gambling Control Board; Racing Commission; the Minnesota Lottery; the Animal Health Board; the Minnesota Board on Aging; the Public Utilities Commission; and the Board of Water and Soil Resources;

(2) "consultation" means the direct and interactive involvement of the Minnesota Tribal governments in the development of policy on matters that have Tribal implications. Consultation is the proactive, affirmative process of identifying and seeking input from appropriate Tribal governments and considering their interest as a necessary and integral part of the decision-making process. This definition adds to statutorily mandated notification procedures. During a consultation, the burden is on the agency to show that it has made a good faith effort to elicit feedback. Consultation is a formal engagement between agency officials and the governing body or bodies of an individual Minnesota Tribal government that the agency or an individual Tribal government may initiate. Formal meetings or communication between top agency officials and the governing body of a Minnesota Tribal government is a necessary element of consultation;

(3) "matters that have Tribal implications" means rules, legislative proposals, policy statements, or other actions that have substantial direct effects on one or more Minnesota Tribal governments, or on the distribution of power and responsibilities between the state and Minnesota Tribal governments;

(4) "Minnesota Tribal governments" means the federally recognized Indian Tribes located in Minnesota including: Bois Forte Band; Fond Du Lac Band; Grand Portage Band; Leech Lake Band; Mille Lacs Band; White Earth Band; Red Lake Nation; Lower Sioux Indian Community; Prairie Island Indian Community; Shakopee Mdewakanton Sioux Community; and Upper Sioux Community; and

(5) "timely and meaningful" means done or occurring at a favorable or useful time that allows the result of consultation to be included in the agency's decision-making process for a matter that has Tribal implications.

EFFECTIVE DATE. This section is effective August 1, 2024.

Sec. 2. **[13.95] ADMINISTRATIVE COURTS.**

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

(b) "Administrative courts" means the Office of Administrative Hearings, Tax Court, and Workers' Compensation Court of Appeals.

(c) "Court services" include hearings, settlement conferences, mediation, and the writing of decisions and orders.

(d) "Health-related documents and data" means records, reports, or affidavits created by medical, health care, or scientific professionals that relate to the past, present, or future physical or mental health or condition of an individual, including but not limited to medical history, examinations, diagnoses and treatment, prepetition screening reports, or court-appointed examiner reports.

Subd. 2. **Judicial work product.** All notes and memoranda or drafts thereof prepared by a judge or employee of an administrative court and used in providing a court service are confidential or protected nonpublic data.

Subd. 3. **Health-related documents and data.** Health-related documents and data included in a court file are private data on individuals.

Sec. 3. Minnesota Statutes 2022, section 14.05, subdivision 7, is amended to read:

Subd. 7. **Electronic documents permitted.** An agency ~~may~~ must file rule-related documents with the Office of Administrative Hearings by electronic transmission in the manner approved by that office ~~and~~. An agency may file rule-related documents with the Office of the Revisor of Statutes by electronic transmission in the manner approved by that office.

Sec. 4. Minnesota Statutes 2022, section 14.08, is amended to read:

14.08 APPROVAL OF RULE AND RULE FORM; COSTS.

(a) One copy of a rule adopted under section 14.26 must be submitted by the agency to the chief administrative law judge. The chief administrative law judge shall request from the revisor certified copies of the rule when it is submitted by the agency under section 14.26. Within five working days after the request for certification of the rule is received by the revisor, ~~excluding weekends and holidays~~, the revisor shall either return the rule with a certificate of approval of the form of the rule to the chief administrative law judge or notify the chief administrative law judge and the agency that the form of the rule will not be approved.

If the chief administrative law judge disapproves a rule, the agency may modify it and the agency shall submit one copy of the modified rule, approved as to form by the revisor, to the chief administrative law judge.

(b) One copy of a rule adopted after a public hearing must be submitted by the agency to the chief administrative law judge. The chief administrative law judge shall request from the revisor certified copies of the rule when it is submitted by the agency. Within five working days after receipt of the request, the revisor shall either return the rule with a certificate of approval to the chief administrative law judge or notify the chief administrative law judge and the agency that the form of the rule will not be approved.

(c) If the revisor refuses to approve the form of the rule, the revisor's notice must revise the rule so it is in the correct form.

(d) After the agency has notified the chief administrative law judge that it has adopted the rule, the chief administrative law judge shall promptly file ~~four paper copies or~~ an electronic copy of the adopted rule in the Office of the Secretary of State. The secretary of state shall forward one copy of each rule filed to the agency, to the revisor of statutes, and to the governor.

(e) The chief administrative law judge shall assess an agency for the actual cost of processing rules under this section. Each agency shall include in its budget money to pay the assessments. Receipts from the assessment must be deposited in the administrative hearings account established in section 14.54.

Sec. 5. Minnesota Statutes 2022, section 14.16, subdivision 3, is amended to read:

Subd. 3. **Filing.** After the agency has provided the chief administrative law judge with a signed order adopting the rule, the chief administrative law judge shall promptly file ~~four paper copies of~~ an electronic copy of the adopted rule in the Office of the Secretary of State. The secretary of state shall forward one copy of each rule filed to the agency, to the revisor of statutes, and to the governor.

Sec. 6. Minnesota Statutes 2022, section 14.26, subdivision 3a, is amended to read:

Subd. 3a. **Filing.** If the rule is approved, the administrative law judge shall promptly file ~~four paper copies of~~ an electronic copy of the adopted rule in the Office of the Secretary of State. The secretary of state shall forward one copy of each rule to the revisor of statutes, to the agency, and to the governor.

Sec. 7. Minnesota Statutes 2022, section 14.386, is amended to read:

14.386 PROCEDURE FOR ADOPTING EXEMPT RULES; DURATION.

(a) A rule adopted, amended, or repealed by an agency, under a statute enacted after January 1, 1997, authorizing or requiring rules to be adopted but excluded from the rulemaking provisions of chapter 14 or from the definition of a rule, has the force and effect of law only if:

(1) the revisor of statutes approves the form of the rule by certificate;

(2) the person authorized to adopt the rule on behalf of the agency signs an order adopting the rule;

(3) the Office of Administrative Hearings approves the rule as to its legality within 14 days after the agency submits it for approval and files ~~four paper copies of~~ an electronic copy of the adopted rule with the revisor's certificate in the Office of the Secretary of State; and

(4) a copy is published by the agency in the State Register.

The secretary of state shall forward one copy of the rule to the governor.

A statute enacted after January 1, 1997, authorizing or requiring rules to be adopted but excluded from the rulemaking provisions of chapter 14 or from the definition of a rule does not excuse compliance with this section unless it makes specific reference to this section.

(b) A rule adopted under this section is effective for a period of two years from the date of publication of the rule in the State Register. The authority for the rule expires at the end of this two-year period.

(c) The chief administrative law judge shall adopt rules relating to the rule approval duties imposed by this section and section 14.388, including rules establishing standards for review.

(d) This section does not apply to:

(1) any group or rule listed in section 14.03, subdivisions 1 and 3, except as otherwise provided by law;

(2) game and fish rules of the commissioner of natural resources adopted under section 84.027, subdivision 13, or sections 97A.0451 to 97A.0459;

(3) experimental and special management waters designated by the commissioner of natural resources under sections 97C.001 and 97C.005;

(4) game refuges designated by the commissioner of natural resources under section 97A.085; or

(5) transaction fees established by the commissioner of natural resources for electronic or telephone sales of licenses, stamps, permits, registrations, or transfers under section 84.027, subdivision 15, paragraph (a), clause (3).

(e) If a statute provides that a rule is exempt from chapter 14, and section 14.386 does not apply to the rule, the rule has the force of law unless the context of the statute delegating the rulemaking authority makes clear that the rule does not have force of law.

Sec. 8. Minnesota Statutes 2022, section 14.388, subdivision 2, is amended to read:

Subd. 2. **Notice.** An agency proposing to adopt, amend, or repeal a rule under this section must give electronic notice of its intent in accordance with section 16E.07, subdivision 3, and notice by United States mail or electronic mail to persons who have registered their names with the agency under section 14.14, subdivision 1a. The notice must be given no later than the date the agency submits the proposed rule to the Office of Administrative Hearings for review of its legality and must include:

(1) the proposed rule, amendment, or repeal;

(2) an explanation of why the rule meets the requirements of the good cause exemption under subdivision 1; and

(3) a statement that interested parties have five ~~business~~ working days after the date of the notice to submit comments to the Office of Administrative Hearings.

Sec. 9. Minnesota Statutes 2022, section 14.3895, subdivision 2, is amended to read:

Subd. 2. **Notice plan; prior approval.** The agency shall draft a notice plan under which the agency will make reasonable efforts to notify persons or classes of persons who may be significantly affected by the rule repeal by giving notice of its intention in newsletters, newspapers, or other publications, or through other means of communication. Before publishing the notice in the State Register and implementing the notice plan, the agency shall obtain prior approval of the notice plan by ~~the chief administrative law judge~~ an administrative law judge in the Office of Administrative Hearings.

Sec. 10. Minnesota Statutes 2022, section 14.3895, subdivision 6, is amended to read:

Subd. 6. **Legal review.** Before publication of the final rule in the State Register, the agency shall submit the rule to the ~~chief~~ administrative law judge in the Office of Administrative Hearings. The ~~chief~~ administrative law judge shall within 14 days approve or disapprove the rule as to its legality and its form to the extent the form relates to legality.

Sec. 11. Minnesota Statutes 2022, section 14.48, subdivision 2, is amended to read:

Subd. 2. **Chief administrative law judge.** (a) The office shall be under the direction of a chief administrative law judge who shall be learned in the law and appointed by the governor, with the advice and consent of the senate, for a term ending on June 30 of the sixth calendar year after appointment. Senate confirmation of the chief administrative law judge shall be as provided by section 15.066.

(b) The chief administrative law judge may hear cases and, in accordance with chapter 43A, shall appoint a deputy chief judge and additional administrative law judges and compensation judges to serve in the office as necessary to fulfill the duties of the Office of Administrative Hearings.

(c) The chief administrative law judge may delegate to a subordinate employee the exercise of a specified statutory power or duty as deemed advisable, subject to the control of the chief administrative law judge. Every delegation must be by written order filed with the secretary of state. The chief administrative law judge is subject to the provisions of the Minnesota Constitution, article VI, section 6, the jurisdiction of the Board on Judicial Standards, and the provisions of the Code of Judicial Conduct.

(d) If a vacancy in the position of chief administrative law judge occurs, an acting or temporary chief administrative law judge must be named as follows:

(1) at the end of the term of a chief administrative law judge, the incumbent chief administrative law judge may, at the discretion of the appointing authority, serve as acting chief administrative law judge until a successor is appointed; and

(2) if at the end of a term of a chief administrative law judge the incumbent chief administrative law judge is not designated as acting chief administrative law judge, or if a vacancy occurs in the position of chief administrative law judge, the deputy chief judge shall immediately become temporary chief administrative law judge without further official action.

(e) The appointing authority of the chief administrative law judge may appoint a person other than the deputy chief judge to serve as temporary chief administrative law judge and may replace any other acting or temporary chief administrative law judge designated pursuant to paragraph (d), clause (1) or (2).

Sec. 12. **[14.525] INTERPRETERS.**

The chief administrative law judge may enter contracts with interpreters identified by the Supreme Court through the Court Interpreter Program. Interpreters may be utilized as the chief administrative law judge directs. These contracts are not subject to the requirements of chapters 16B and 16C.

Sec. 13. Minnesota Statutes 2022, section 14.62, subdivision 2a, is amended to read:

Subd. 2a. **Administrative law judge decision final; exception.** Unless otherwise provided by law, the report or order of the administrative law judge constitutes the final decision in the case unless the agency modifies or rejects it under subdivision 1 within 90 days after the record of the proceeding closes under section 14.61. When the agency fails to act within 90 days on a licensing case, the agency must return the record of the proceeding to the administrative law judge for consideration of disciplinary action. In all contested cases where the report or order of the administrative law judge constitutes the final decision in the case, the administrative law judge shall issue findings of fact, conclusions, and an order within 90 days after the hearing record closes under section 14.61. Upon a showing of good cause by a party or the agency, the chief administrative law judge may order a reasonable extension of either of the two 90-day deadlines specified in this subdivision. The 90-day deadline will be tolled while the chief administrative law judge considers a request for reasonable extension so long as the request was filed and served within the applicable 90-day period.

Sec. 14. Minnesota Statutes 2022, section 15.994, is amended to read:

15.994 INTERNET GRANT INFORMATION.

A state agency with an Internet site must provide information on grants available through the agency and must provide a link to any grant application ~~under section 16E.20.~~

Sec. 15. Minnesota Statutes 2022, section 15A.083, subdivision 6a, is amended to read:

Subd. 6a. **Administrative law judge; salaries.** The salary of the chief administrative law judge is 98.52 percent of the salary of a chief district court judge. The salaries of the ~~assistant chief administrative law judge and administrative law judge supervisors~~ deputy chief judge and judge supervisors employed by the Office of Administrative Hearings are 100 percent of the salary of a district court judge. The salary of an administrative law judge employed by the Office of Administrative Hearings is 98.52 percent of the salary of a district court judge as set under section 15A.082, subdivision 3.

Sec. 16. Minnesota Statutes 2022, section 16B.055, subdivision 1, is amended to read:

Subdivision 1. **Federal Assistive Technology Act.** (a) The Department of Administration is designated as the lead agency to carry out all the responsibilities under the 21st Century Assistive Technology Act of 1998, as provided by Public Law ~~408-364, as amended 117-81.~~ The Minnesota Assistive Technology Advisory Council is established to fulfill the responsibilities required by the Assistive Technology Act, as provided by Public Law ~~408-364, as amended 117-81.~~ Because the existence of this council is required by federal law, this council does not expire.

(b) Except as provided in paragraph (c), the governor shall appoint the membership of the council as required by the 21st Century Assistive Technology Act of 1998, as provided by Public Law ~~408-364, as amended 117-81.~~ After the governor has completed the appointments required by this subdivision, the commissioner of administration, or the commissioner's designee, shall convene the first meeting of the council following the appointments. Members shall serve two-year terms commencing July 1 of each odd-numbered year, and receive the compensation specified by the 21st Century Assistive Technology Act of 1998, as provided by Public Law ~~408-364, as amended 117-81.~~ The members of the council shall select their chair at the first meeting following their appointment.

(c) After consulting with the appropriate commissioner, the commissioner of administration shall appoint a representative from:

- (1) State Services for the Blind who has assistive technology expertise;
- (2) vocational rehabilitation services who has assistive technology expertise;
- (3) the Workforce Development Board; ~~and~~
- (4) the Department of Education who has assistive technology expertise; and
- (5) the Board on Aging.

Sec. 17. **[16B.336] CAPITAL PROJECT REPLACEMENT ACCOUNTS.**

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

(b) "Commissioner" means the commissioner of administration.

(c) "Preservation" means improvements and betterments of a capital nature consistent with those described in section 16B.307, subdivision 1, paragraph (d).

Subd. 2. Replacement account establishment. (a) A grantee that receives a direct appropriation or grant from an appropriation of state money for a capital project subject to section 16A.642, 16A.695, or 16A.86 must establish a capital project replacement fund for major rehabilitation, expansion, replacement, or preservation of the capital project once the project has reached its useful life, or another use as permitted under this section. Money must remain in the account for the useful life of the capital project, as determined by the grant agreement with the granting state agency, unless use of the fund is approved in writing by the granting state agency for major rehabilitation, expansion, replacement, or preservation of the capital project funded with state money, or to address a capital project for a different capital asset owned by the grantee.

(b) A grantee must adopt a capital project replacement policy that specifies the following for the capital project replacement fund:

(1) the risks to be mitigated or managed by the fund;

(2) the intended use of the replacement fund, including but not limited to how the fund will be used for major rehabilitation, expansion, replacement, or preservation of the capital project; and

(3) criteria for the use of the fund to address other capital improvement needs of the grantee, including safety and security, maintenance and utility costs, availability of repair parts and materials, sustainability, and any other criteria the grantee deems relevant.

(c) For the purposes of this section, "grantee" does not include a state agency, state official, the Board of Regents of the University of Minnesota, or the Board of Trustees of the Minnesota State Colleges and Universities.

Subd. 3. Minimum deposits; fund balance. (a) The commissioner must determine the annual minimum deposit amounts into capital project replacement funds by capital project type. The commissioner must take into account depreciation, construction cost inflation, and other relevant factors when determining the minimum deposit amounts.

(b) A grantee must not be required to maintain a capital project replacement fund balance greater than the amount of the direct appropriation or grant from an appropriation of state money for the capital project.

Subd. 4. Account auditing. The state auditor may audit capital project replacement accounts as part of the regular audits of local governments.

Subd. 5. Exceptions. Capital projects that already require a replacement fund under section 446A.072, subdivision 12, or any other law, rule, or ordinance, are exempt from the requirements under this section, so long as the deposits into the replacement fund are at least as large as the minimum deposits established by the commissioner under subdivision 3.

Subd. 6. Penalty. Failure of a grantee to comply with the requirements of this section shall result in the granting state agency assessing a penalty fee to the grantee equal to one percent of the appropriation of state money for the capital project for each year of noncompliance. Penalty fees shall be remitted by the granting state agency to the commissioner of management and budget for deposit into the general fund.

EFFECTIVE DATE. This section is effective for capital projects funded through state capital project grant agreements entered into on or after July 1, 2024.

Sec. 18. Minnesota Statutes 2022, section 16B.48, subdivision 4, is amended to read:

Subd. 4. **Reimbursements.** (a) Except as specifically provided otherwise by law, each agency shall reimburse the general services revolving funds for the cost of all services, supplies, materials, labor, and depreciation of equipment, including reasonable overhead costs, which the commissioner is authorized and directed to furnish an agency. The cost of all publications or other materials produced by the commissioner and financed from the general services revolving fund must include reasonable overhead costs.

(b) The commissioner of administration shall report the rates to be charged for the general services revolving funds no later than ~~July 1~~ September 15 each year to the chair of the committee or division in the senate and house of representatives with primary jurisdiction over the budget of the Department of Administration.

(c) The commissioner of management and budget shall make appropriate transfers to the revolving funds described in this section when requested by the commissioner of administration. The commissioner of administration may make allotments, encumbrances, and, with the approval of the commissioner of management and budget, disbursements in anticipation of such transfers. In addition, the commissioner of administration, with the approval of the commissioner of management and budget, may require an agency to make advance payments to the revolving funds in this section sufficient to cover the agency's estimated obligation for a period of at least 60 days.

(d) All reimbursements and other money received by the commissioner of administration under this section must be deposited in the appropriate revolving fund. Any earnings remaining in the fund established to account for the documents service prescribed by section 16B.51 at the end of each fiscal year not otherwise needed for present or future operations, as determined by the commissioners of administration and management and budget, must be transferred to the general fund.

Sec. 19. Minnesota Statutes 2022, section 16B.54, subdivision 2, is amended to read:

Subd. 2. **Vehicles.** (a) The commissioner may direct an agency to make a transfer of a passenger motor vehicle or truck currently assigned to it. The transfer must be made to the commissioner for use in the enterprise fleet. The commissioner shall reimburse an agency whose motor vehicles have been paid for with funds dedicated by the constitution for a special purpose and which are assigned to the enterprise fleet. The amount of reimbursement for a motor vehicle is its average wholesale price as determined from the midwest edition of the National Automobile Dealers Association official used car guide.

(b) To the extent that funds are available for the purpose, the commissioner may purchase or otherwise acquire additional passenger motor vehicles and trucks necessary for the enterprise fleet. The title to all motor vehicles assigned to or purchased or acquired for the enterprise fleet is in the name of the Department of Administration.

(c) On the request of an agency, the commissioner may transfer to the enterprise fleet any passenger motor vehicle or truck for the purpose of disposing of it. The department or agency transferring the vehicle or truck must be paid for it from the motor pool revolving account established by this section in an amount equal to two-thirds of the average wholesale price of the vehicle or truck as determined from the midwest edition of the National Automobile Dealers Association official used car guide.

(d) The commissioner shall provide for the uniform marking of all motor vehicles. Motor vehicle colors must be selected from the regular color chart provided by the manufacturer each year. The commissioner may further provide for the use of motor vehicles without marking by:

(1) the governor;

(2) the lieutenant governor;

- (3) the Division of Criminal Apprehension, the Division of Alcohol and Gambling Enforcement, and arson investigators of the Division of Fire Marshal in the Department of Public Safety;
- (4) the Financial Institutions Division and investigative staff of the Department of Commerce;
- (5) the Division of Disease Prevention and Control of the Department of Health;
- (6) the State Lottery;
- (7) criminal investigators of the Department of Revenue;
- (8) state-owned community service facilities in the Department of Human Services;
- (9) the Office of the Attorney General;
- (10) the investigative staff of the Gambling Control Board; ~~and~~
- (11) the Department of Corrections inmate community work crew program under section 352.91, subdivision 3g; and
- (12) the Office of Ombudsman for Long-Term Care staff.

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

Sec. 20. **[16B.851] STATE BUILDING RENEWABLE ENERGY; STORAGE; ELECTRIC VEHICLE ACCOUNT.**

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

(b) "Energy storage" means the predesign, design, acquisition, construction, or installation of technology which stores and delivers electric or thermal energy.

(c) "EVSE" means electric vehicle service equipment, including charging equipment and associated infrastructure and site upgrades.

(d) "Renewable energy" has the meaning given in section 216B.2422, subdivision 1, paragraph (c), and the same sources in thermal energy.

(e) "Renewable energy improvement" means the predesign, design, acquisition, construction, or installation of a renewable energy production system or energy storage equipment or system, and associated infrastructure and facilities that are designed to result in a demand-side net reduction in energy use by the state building's electrical, heating, ventilating, air-conditioning, and hot water systems.

(f) "State agency" has the definition given in section 13.02, subdivision 17, or designated definition given in section 15.01 and includes the Office of Higher Education, Housing Finance Agency, Pollution Control Agency, Metropolitan Council, and Bureau of Mediation Services. State agency includes the agencies, boards, commissions, committees, councils, and authorities designated in section 15.012.

(g) "State building" means a building or facility owned by the state of Minnesota.

Subd. 2. Account established. A state building renewable energy, storage, and electric vehicle account is established in the special revenue fund to provide funds to state agencies to:

(1) design, construct, and equip renewable energy improvement and renewable energy storage projects at state buildings;

(2) purchase state fleet electric vehicles in accordance with section 16C.135;

(3) purchase and install EVSE and related infrastructure; and

(4) carry out management projects by the commissioner.

Subd. 3. Account management. The commissioner shall manage and administer the state building renewable energy, storage, and electric vehicle account.

Subd. 4. Accepting funds. (a) The commissioner shall make an application to the federal government on behalf of the state of Minnesota for all state projects eligible for elective payments under sections 6417 and 6418 of the Internal Revenue Code, as added by Public Law 117-169, 136 Statute 1818, the Inflation Reduction Act of 2022.

(b) The commissioner may apply for, receive, and expend money made available from federal, state, or other sources for the purposes of carrying out the duties in this section.

(c) Notwithstanding section 16A.72, all funds received under this subdivision are deposited into the state building renewable energy, storage, and electric vehicle account and appropriated to the commissioner for the purposes of subdivision 2 and as permitted under this section.

(d) Money in the state building renewable energy, storage, and electric vehicle account does not cancel and is available until expended.

Subd. 5. Applications. A state agency applying for state building renewable energy, storage, EVSE, and electric fleet vehicle funds must submit an application to the commissioner on a form, in the manner, and at the time prescribed by the commissioner.

Subd. 6. Treatment of certain payments received from federal government. (a) Federal payments received for eligible renewable energy improvement and storage projects and EVSE projects made with appropriations from general obligation bonds may be transferred to the state bond fund if consistent with federal treasury regulations.

(b) Federal payments received for eligible electric fleet vehicle purchases by the Department of Administration's fleet division must be transferred to the motor pool revolving account established in section 16B.54, subdivision 8.

(c) Federal payments received for eligible electric fleet vehicle purchases made directly by a state agency shall be transferred to the fund from which the purchase was made.

(d) When obligated to fulfill financing agreements, federal payments received for eligible renewable energy improvements shall be transferred to the appropriate agency.

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

Sec. 21. Minnesota Statutes 2022, section 16B.97, subdivision 1, is amended to read:

Subdivision 1. **Grant agreement.** (a) A grant agreement is a written instrument or electronic document defining a legal relationship between a granting agency and a grantee when the principal purpose of the relationship is to transfer cash or something of value to the recipient to support a public purpose authorized by law instead of acquiring by professional or technical contract, purchase, lease, or barter property or services for the direct benefit or use of the granting agency.

(b) This section does not apply to general obligation grants as defined by section 16A.695 ~~and~~, capital project grants to political subdivisions as defined by section 16A.86, or capital project grants otherwise subject to section 16A.642.

Sec. 22. Minnesota Statutes 2022, section 16B.98, subdivision 1, is amended to read:

Subdivision 1. **Limitation.** (a) As a condition of receiving a grant from an appropriation of state funds, the recipient of the grant must agree to minimize administrative costs. The granting agency is responsible for negotiating appropriate limits to these costs so that the state derives the optimum benefit for grant funding.

(b) This section does not apply to general obligation grants as defined by section 16A.695 ~~and also~~, capital project grants to political subdivisions as defined by section 16A.86, or capital project grants otherwise subject to section 16A.642.

Sec. 23. Minnesota Statutes 2022, section 16C.137, subdivision 2, is amended to read:

Subd. 2. **Report.** (a) The commissioner of administration, in collaboration with the commissioners of the Pollution Control Agency, the Departments of Agriculture, Commerce, Natural Resources, and Transportation, and other state departments, must evaluate the goals and directives established in this section and ~~report include~~ their findings ~~to the governor and the appropriate committees of the legislature by February 1 of each odd-numbered year in the public dashboard under section 16B.372.~~ In the report public dashboard, the commissioner must make recommendations for new or adjusted goals, directives, or legislative initiatives, in light of the progress the state has made implementing this section and the availability of new or improved technologies.

(b) The Department of Administration shall implement a fleet reporting and information management system. Each department will use this management system to demonstrate its progress in complying with this section.

Sec. 24. Minnesota Statutes 2022, section 16D.09, subdivision 1, is amended to read:

Subdivision 1. **Generally.** (a) When a debt is determined by a state agency to be uncollectible, the debt may be written off by the state agency from the state agency's financial accounting records and no longer recognized as an account receivable for financial reporting purposes. A debt is considered to be uncollectible when (1) all reasonable collection efforts have been exhausted, (2) the cost of further collection action will exceed the amount recoverable, (3) the debt is legally without merit or cannot be substantiated by evidence, (4) the debtor cannot be located, (5) the available assets or income, current or anticipated, that may be available for payment of the debt are insufficient, (6) the debt has been discharged in bankruptcy, (7) the applicable statute of limitations for collection of the debt has expired, or (8) it is not in the public interest to pursue collection of the debt.

(b) Uncollectible debt must be reported by the state agency as part of its quarterly reports to the commissioner of management and budget. The basis for the determination of the uncollectibility of the debt must be maintained by the state agency. If an uncollectible debt equals or exceeds \$100,000, the agency shall notify the chairs and ranking minority members of the legislative committees with jurisdiction over the state agency's budget at the time the debt is determined to be uncollectible. The information reported shall contain the entity associated with the uncollected

debt, the amount of the debt, the revenue type, the reason the debt is considered uncollectible, and the duration the debt has been outstanding. The commissioner of management and budget shall report to the chairs and ranking minority members of the legislative committees with jurisdiction over Minnesota Management and Budget an annual summary of the number and dollar amount of debts determined to be uncollectible during the previous fiscal year by ~~October 31~~ November 30 of each year. Determining that the debt is uncollectible does not cancel the legal obligation of the debtor to pay the debt.

Sec. 25. Minnesota Statutes 2022, section 16E.01, subdivision 2, is amended to read:

Subd. 2. **Discretionary powers.** The department may:

(1) enter into contracts for goods or services with public or private organizations and charge fees for services it provides;

(2) apply for, receive, and expend money from public agencies;

(3) apply for, accept, and disburse grants and other aids from the federal government and other public or private sources;

(4) enter into contracts with agencies of the federal government, local governmental units, the University of Minnesota and other educational institutions, and private persons and other nongovernmental organizations as necessary to perform its statutory duties;

(5) sponsor and conduct conferences and studies, collect and disseminate information, and issue reports relating to information and communications technology issues;

(6) review the technology infrastructure of regions of the state and cooperate with and make recommendations to the governor, legislature, state agencies, local governments, local technology development agencies, the federal government, private businesses, and individuals for the realization of information and communications technology infrastructure development potential;

(7) sponsor, support, and facilitate innovative and collaborative economic and community development and government services projects or initiatives, including technology initiatives related to culture and the arts, with public and private organizations; and

(8) review and recommend alternative sourcing strategies for state information and communications systems.

Sec. 26. Minnesota Statutes 2023 Supplement, section 16E.01, subdivision 3, is amended to read:

Subd. 3. **Duties.** (a) The department shall:

(1) manage the efficient and effective use of available federal, state, local, and public-private resources to develop statewide information and telecommunications technology systems and services and its infrastructure;

(2) approve state agency and intergovernmental information and telecommunications technology systems and services development efforts involving state or intergovernmental funding, including federal funding, provide information to the legislature regarding projects and initiatives reviewed, and recommend projects and initiatives for inclusion in the governor's budget under section 16A.11;

(3) promote cooperation and collaboration among state and local governments in developing intergovernmental information and telecommunications technology systems and services;

(4) cooperate and collaborate with the legislative and judicial branches in the development of information and communications systems in those branches, as requested;

(5) ~~promote and coordinate public information access and network initiatives, consistent with chapter 13, to connect Minnesota's citizens and communities to each other, to their governments, and to the world~~ continue to collaborate on the development of MN.gov, the state's official comprehensive online service and information initiative;

(6) manage and promote the regular and periodic reinvestment in the information and telecommunications technology systems and services infrastructure so that state and local government agencies can effectively and efficiently serve their customers;

(7) facilitate the cooperative development of and ensure compliance with standards and policies for information and telecommunications technology systems and services and electronic data practices and ~~privacy~~ security within the executive branch;

(8) eliminate unnecessary duplication of existing information and telecommunications technology systems and services provided by state agencies;

(9) identify, sponsor, develop, and execute shared information and telecommunications technology projects and initiatives, and ongoing operations;

(10) ensure overall security of the state's information and technology systems and services; and

(11) manage and direct compliance with accessibility standards for informational technology, including hardware, software, websites, online forms, and online surveys.

(b) The chief information officer, in consultation with the commissioner of management and budget, must determine when it is cost-effective for agencies to develop and use shared information technology systems, platforms, and services for the delivery of digital government services. The chief information officer may require agencies to use shared information and telecommunications technology systems and services. The chief information officer shall establish reimbursement rates in cooperation with the commissioner of management and budget to be billed to agencies and other governmental entities sufficient to cover the actual development, operating, maintenance, and administrative costs of the shared systems. The methodology for billing may include the use of interagency agreements, or other means as allowed by law.

(c) A state agency that has an information and telecommunications technology project or initiative, whether funded as part of the biennial budget or by any other means, shall register with the department by submitting basic project or initiative startup documentation as specified by the chief information officer in both format and content. State agency business and technology project leaders, in accordance with policies and standards set forth by the chief information officer, must demonstrate that the project or initiative will be properly managed, ensure alignment with enterprise technology strategic direction, provide updates to the project or initiative documentation as changes are proposed, and regularly report on the current status of the project or initiative on a schedule agreed to with the chief information officer. The chief information officer has the authority to define a project or initiative for the purposes of this chapter.

(d) The chief information officer shall monitor progress on ~~any~~ active information and telecommunications technology ~~project with a total expected project cost of more than \$5,000,000~~ projects and initiatives and report on the performance of the ~~project~~ projects or initiatives in comparison with the plans ~~for the project~~ in terms of time, scope, and budget. The chief information officer may conduct an independent ~~project~~ audit of the project or initiative. If an independent audit is conducted, the audit analysis and evaluation of the ~~projects subject to paragraph~~ (e) project or initiative must be presented to agency executive sponsors, the project governance bodies, and the chief information officer. All reports and responses must become part of the project or initiative record.

(e) For any active information and telecommunications technology project or initiative, with a total expected project cost of more than \$10,000,000, ~~the state agency must perform~~ an annual independent audit that conforms to published ~~project~~ audit principles adopted by the department must be conducted.

(f) The chief information officer shall report by January 15 of each year to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over the department ~~regarding projects the department has reviewed under paragraph (a), clause (10)~~ on the status of the state's comprehensive project and initiatives portfolio. The report must include: ~~descriptions of each project and its current status, information technology costs associated with the project, and estimated date on when the information technology project is expected to be completed.~~

- ~~(1) each project in the IT portfolio whose status is either active or on hold;~~
- ~~(2) each project presented to the office for consultation in the time since the last report;~~
- ~~(3) the information technology cost associated with the project;~~
- ~~(4) the current status of the information technology project;~~
- ~~(5) the date the information technology project is expected to be completed; and~~
- ~~(6) the projected costs for ongoing support and maintenance after the project is complete.~~

Sec. 27. Minnesota Statutes 2023 Supplement, section 16E.03, subdivision 2, is amended to read:

Subd. 2. **Chief information officer's responsibility.** The chief information officer shall:

(1) design a strategic plan for information and telecommunications technology systems and services in the state and shall report on the plan to the governor and legislature at the beginning of each regular session;

~~(2) coordinate, review, and approve all information and telecommunications technology projects~~ develop and implement processes for review, approval, and monitoring and oversee the state's information and telecommunications technology systems and services;

(3) establish and enforce compliance with standards for information and telecommunications technology systems and services that are cost-effective and support open systems environments and that are compatible with state, national, and international standards, including accessibility standards;

(4) maintain a library of systems and programs developed by the state for use by agencies of government;

(5) direct and manage the shared operations of the state's information and telecommunications technology systems and services; and

(6) establish and enforce standards and ensure acquisition of hardware, software, and services necessary to protect data and systems in state agency networks connected to the Internet.

Sec. 28. Minnesota Statutes 2022, section 16E.03, subdivision 3, is amended to read:

Subd. 3. **Evaluation and approval.** A state agency may not undertake an information and telecommunications technology project or initiative until it has been evaluated according to the procedures developed under subdivision 4. The chief information officer or delegate shall ~~give written approval of the proposed project~~ record project approval as a part of the project.

Sec. 29. Minnesota Statutes 2022, section 16E.03, subdivision 4, is amended to read:

Subd. 4. **Evaluation procedure.** The chief information officer shall establish and, as necessary, update and modify procedures to evaluate information and communications projects or initiatives proposed by state agencies. The evaluation procedure must assess the necessity, design and plan for development, ability to meet user requirements, accessibility, feasibility, ~~and flexibility of the proposed data processing device or system, its relationship to other state data processing devices or systems, and its costs and benefits when considered by itself and when compared with other options~~ cost, and benefits of the project or initiative.

Sec. 30. Minnesota Statutes 2022, section 16E.03, subdivision 5, is amended to read:

Subd. 5. **Report to legislature.** The chief information officer shall submit to the legislature, at the same time as the governor's budget required by section 16A.11, a concise narrative explanation of any information and communication technology project or initiative being proposed as part of the governor's budget that involves collaboration between state agencies and an explanation of how the budget requests of the several agencies collaborating on the project or initiative relate to each other.

Sec. 31. Minnesota Statutes 2022, section 16E.03, subdivision 7, is amended to read:

Subd. 7. **Cyber security systems.** (a) In consultation with the attorney general and appropriate agency heads, the chief information officer shall develop cyber security policies, guidelines, and standards, and shall ~~install~~ advise, implement, and administer state data security systems solutions and practices on the state's ~~computer facilities~~ information technology services, systems, and applications consistent with these policies, guidelines, standards, and state law to ensure the integrity, confidentiality, and availability of ~~computer-based and other information technology systems and services, and data~~ and to ensure applicable limitations on access to data, consistent with the public's right to know as defined in chapter 13. The chief information officer is responsible for overall security of state agency networks connected to the Internet. Each department or agency head is responsible for the security of the department's or agency's data within the guidelines of established enterprise policy.

(b) The state chief information officer, or state chief information security officer, may advise and consult on security strategy and programs for state entities and political subdivisions not subject to section 16E.016.

Sec. 32. Minnesota Statutes 2022, section 16E.04, subdivision 2, is amended to read:

Subd. 2. **Responsibilities.** (a) The office ~~shall~~ may develop and establish a state information architecture to ensure:

(1) that state agency information and communications systems, equipment, and services do not needlessly duplicate or conflict with the systems of other agencies; and

(2) enhanced public access to data can be provided consistent with standards developed under section 16E.05, subdivision 4.

When state agencies have need for the same or similar public data, the chief information officer, in coordination with the affected agencies, shall manage the most efficient and cost-effective method of producing and storing data for or sharing data between those agencies. The development of this information architecture must include the establishment of standards and guidelines to be followed by state agencies. The office shall ensure compliance with the architecture.

(b) The office shall review and approve agency requests for funding for the development or purchase of information systems equipment or software before the requests may be included in the governor's budget.

(c) The office ~~shall~~ may review and approve agency requests for grant funding that have an information and technology component.

(d) The office shall review major purchases of information systems equipment to:

(1) ensure that the equipment follows the standards and guidelines of the state information architecture;

(2) ensure the agency's proposed purchase reflects a cost-effective policy regarding volume purchasing; and

(3) ensure that the equipment is consistent with other systems in other state agencies so that data can be shared among agencies, unless the office determines that the agency purchasing the equipment has special needs justifying the inconsistency.

(e) The office shall review the operation of information systems by state agencies and ensure that these systems are operated efficiently and securely and continually meet the standards and guidelines established by the office. The standards and guidelines must emphasize uniformity that is cost-effective for the enterprise, that encourages information interchange, open systems environments, and portability of information whenever practicable and consistent with an agency's authority and chapter 13.

Sec. 33. Minnesota Statutes 2022, section 16E.04, subdivision 3, is amended to read:

Subd. 3. **Risk assessment and mitigation.** (a) A risk assessment and risk mitigation plan are required for all information systems development projects or initiatives undertaken by a state agency in the executive or judicial branch or by a constitutional officer. The chief information officer must contract with an entity outside of state government to conduct the initial assessment and prepare the mitigation plan for a project or initiative estimated to cost more than ~~\$5,000,000~~ \$10,000,000. The outside entity conducting the risk assessment and preparing the mitigation plan must not have any other direct or indirect financial interest in the project or initiative. The risk assessment and risk mitigation plan must provide for periodic monitoring by the commissioner until the project or initiative is completed.

(b) The risk assessment and risk mitigation plan must be paid for with money appropriated for the information and telecommunications technology project or initiative.

Sec. 34. Minnesota Statutes 2022, section 16E.07, is amended to read:

16E.07 NORTH STAR ONLINE GOVERNMENT INFORMATION SERVICES.

Subdivision 1. **Definitions Definition.** (a) The ~~definitions~~ definition in this subdivision ~~apply~~ applies to this section.

(b) ~~"Core services" means accessible information system applications required to provide secure information services and online applications and content to the public from government units. Online applications may include, but are not limited to:~~

~~(1) standardized public directory services and standardized content services;~~

~~(2) online search systems;~~

~~(3) general technical services to support government unit online services;~~

~~(4) electronic conferencing and communication services;~~

~~(5) secure electronic transaction services;~~

~~(6) digital audio, video, and multimedia services; and~~

~~(7) government intranet content and service development.~~

(e) (b) "Government unit" means a state department, agency, commission, council, board, task force, or committee; a constitutional office; a court entity; the Minnesota State Colleges and Universities; a county, statutory or home rule charter city, or town; a school district; a special district; or any other board, commission, district, or authority created under law, local ordinance, or charter provision.

Subd. 2. **Established.** ~~The office department shall establish "North Star" as the state's comprehensive government online information service. North Star is the state's governmental framework for coordinating and collaborating in providing online government information and services. Government agencies that provide electronic access to government information are requested to make available to North Star their most frequently requested public data collaborate with state agencies to maintain MN.gov and associated websites that provide online government information services.~~

Subd. 3. **Access to data.** The legislature determines that the greatest possible access to certain government information and data is essential to allow citizens to participate fully in a democratic system of government. Certain information and data, including, but not limited to the following, must be provided free of charge or for a nominal cost associated with reproducing the information or data:

(1) ~~directories of government services and institutions, including an electronic version of the guidebook to state agency services published by the commissioner of administration;~~

(2) legislative and rulemaking information, including an electronic version of the State Register, public information newsletters, bill text and summaries, bill status information, rule status information, meeting schedules, and the text of statutes and rules;

(3) supreme court and court of appeals opinions and general judicial information;

(4) opinions of the attorney general;

(5) Campaign Finance and Public Disclosure Board and election information;

(6) public budget information;

(7) local government documents, such as codes, ordinances, minutes, meeting schedules, and other notices in the public interest;

(8) official documents, releases, speeches, and other public information issued by government agencies; and

(9) the text of other government documents and publications that government agencies determine are important to public understanding of government activities.

Subd. 4. **Staff.** ~~The chief information officer shall appoint the manager of the North Star online information service and hire staff to carry out the responsibilities of the service.~~

~~Subd. 5. **Participation; consultation; guidelines.** The North Star staff shall consult with governmental and nongovernmental organizations to establish rules for participation in the North Star service. Government units planning, developing, or providing publicly accessible online services shall provide access through and collaborate with North Star and formally register with the office. The University of Minnesota is requested to establish online connections and collaborate with North Star. Units of the legislature shall make their services available through North Star. Government units may be required to submit standardized directory and general content for core services but are not required to purchase core services from North Star. North Star shall promote broad public access to the sources of online information or services through multiple technologies.~~

~~Subd. 6. **Fees.** The office shall may establish fees for technical and transaction services for government units through North Star. Fees must be credited to the North Star account. The office may not charge a fee for viewing or inspecting data made available through North Star MN.gov or linked facilities, unless specifically authorized by law.~~

~~Subd. 7. **North Star Online government information service account.** The North Star online government information service account is created in the special revenue fund. The account consists of:~~

- ~~(1) grants received from nonstate entities;~~
- ~~(2) fees and charges collected by the office;~~
- ~~(3) gifts, donations, and bequests made to the office; and~~
- ~~(4) other money credited to the account by law.~~

~~Money in the account is appropriated to the office to be used to continue the development of the North Star project online government information services.~~

~~Subd. 8. **Secure transaction system.** The office shall plan and develop a secure transaction ~~system~~ systems to support delivery of government services electronically. A state agency that implements electronic government services for fees, licenses, sales, or other purposes ~~must use the~~ may be required to use secure transaction ~~system~~ systems developed in accordance with this section.~~

~~Subd. 9. **Aggregation of service demand.** The office shall may identify opportunities to aggregate demand for technical services required by government units for online activities and may contract with governmental or nongovernmental entities to provide services. These contracts are not subject to the requirements of chapters 16B and 16C, except sections 16C.04, 16C.08, and 16C.09.~~

~~Subd. 10. **Outreach.** The office may promote the availability of government online information and services through public outreach and education. ~~Public network expansion in communities through libraries, schools, colleges, local government, and other community access points must include access to North Star. North Star may make materials available to those public sites to promote awareness of the service.~~~~

~~Subd. 11. **Advanced development collaboration.** The office shall identify information technology services with broad public impact and advanced development requirements. Those services shall assist in the development of and utilization of core services to the greatest extent possible where appropriate, cost effective, and technically feasible. This includes, but is not limited to, higher education, statewide online library, economic and community development, and K-12 educational technology services. North Star shall participate in electronic commerce research and development initiatives with the University of Minnesota and other partners. The statewide online library service shall consult, collaborate, and work with North Star to ensure development of proposals for advanced government information locator and electronic depository and archive systems.~~

Subd. 12. **Private entity services; fee authority.** (a) The department may enter into a contract with a private entity to manage, maintain, support, and expand ~~North Star and~~ online government information services to citizens and businesses.

(b) A contract established under paragraph (a) may provide for compensation of the private entity through a fee established under paragraph (c).

(c) The department, subject to the approval of the agency or department responsible for the data or services involved in the transaction, may charge and may authorize a private entity that enters into a contract under paragraph (a) to charge a convenience fee for users of ~~North Star and~~ online government information services up to a total of \$2 per transaction, provided that no fee shall be charged for viewing or inspecting data. A fee established under this paragraph is in addition to any fees or surcharges authorized under other law.

(d) Receipts from the convenience fee shall be deposited in the ~~North Star~~ online government information service account established in subdivision 7. Notwithstanding section 16A.1285, subdivision 2, receipts credited to the account are appropriated to the department for payment to the contracted private entity under paragraph (a). In lieu of depositing the receipts in the ~~North Star~~ online government information service account, the department can directly transfer the receipts to the private entity or allow the private entity to retain the receipts pursuant to a contract established under this subdivision.

~~(e) The department shall report~~ Information regarding any convenience fee receipts collected under paragraph (d) must be reported to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over state government finance by January 15 of each odd-numbered year ~~regarding the convenience fee receipts and the status of North Star projects and online government information services developed and supported by convenience fee receipts.~~

Sec. 35. **[16E.36] CYBERSECURITY INCIDENTS.**

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

(b) "Bureau" means the Bureau of Criminal Apprehension.

(c) "Cybersecurity incident" means an action taken through the use of an information system or network that results in an actual or potentially adverse effect on an information system, network, or the information residing therein.

(d) "Cyber threat indicator" means information that is necessary to describe or identify:

(1) malicious reconnaissance, including but not limited to anomalous patterns of communication that appear to be transmitted for the purpose of gathering technical information related to a cybersecurity threat or vulnerability;

(2) a method of defeating a security control or exploitation of a security vulnerability;

(3) a security vulnerability, including but not limited to anomalous activity that appears to indicate the existence of a security vulnerability;

(4) a method of causing a user with legitimate access to an information system or information that is stored on, processed by, or transiting an information system to unwittingly enable the defeat of a security control or exploitation of a security vulnerability;

(5) malicious cyber command and control;

(6) the actual or potential harm caused by an incident, including but not limited to a description of the data exfiltrated as a result of a particular cyber threat; and

(7) any other attribute of a cyber threat, if disclosure of such attribute is not otherwise prohibited by law.

(e) "Defensive measure" means an action, device, procedure, signature, technique, or other measure applied to an information system or information that is stored on, processed by, or transiting an information system that detects, prevents, or mitigates a known or suspected cyber threat or security vulnerability, but does not include a measure that destroys, renders unusable, provides unauthorized access to, or substantially harms an information system or information stored on, processed by, or transiting an information system not owned by the entity operating the measure, or another entity that is authorized to provide consent and has provided consent to that private entity for operation of the measure.

(f) "Government contractor" means an individual or entity that performs work for or on behalf of a public agency on a contract basis with access to or hosting of the public agency's network, systems, applications, or information.

(g) "Information resource" means information and related resources, such as personnel, equipment, funds, and information technology.

(h) "Information system" means a discrete set of information resources organized for collecting, processing, maintaining, using, sharing, disseminating, or disposing of information.

(i) "Information technology" means any equipment or interconnected system or subsystem of equipment that is used in automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information used by a public agency or a government contractor under contract with a public agency which requires the use of the equipment or requires the use, to a significant extent, of the equipment in the performance of a service or the furnishing of a product. The term information technology also has the meaning given to information and telecommunications technology systems and services in section 16E.03, subdivision 1, paragraph (b).

(j) "Private entity" means any individual, corporation, company, partnership, firm, association, or other entity, but does not include a public agency, or a foreign government, or any component thereof.

(k) "Public agency" means any public agency of the state or any political subdivision; school districts; charter schools; intermediate districts; cooperative units under section 123A.24, subdivision 2; and public postsecondary education institutions.

(l) "Superintendent" means the superintendent of the Bureau of Criminal Apprehension.

Subd. 2. Report on cybersecurity incidents. (a) Beginning December 1, 2024, the head of or the decision-making body for a public agency must report a cybersecurity incident that impacts the public agency to the commissioner. A government contractor or vendor that provides goods or services to a public agency must report a cybersecurity incident to the public agency if the incident impacts the public agency.

(b) The report must be made within 72 hours of when the public agency or government contractor reasonably identifies or believes that a cybersecurity incident has occurred.

(c) The commissioner must coordinate with the superintendent to promptly share reported cybersecurity incidents.

(d) By September 30, 2024, the commissioner, in coordination with the superintendent, must establish a cyber incident reporting system having capabilities to facilitate submission of timely, secure, and confidential cybersecurity incident notifications from public agencies, government contractors, and private entities to the office.

(e) By September 30, 2024, the commissioner must develop, in coordination with the superintendent, and prominently post instructions for submitting cybersecurity incident reports on the department and bureau websites. The instructions must include, at a minimum, the types of cybersecurity incidents to be reported and a list of other information to be included in a report made through the cyber incident reporting system.

(f) The cyber incident reporting system must permit the commissioner, in coordination with the superintendent, to:

(1) securely accept a cybersecurity incident notification from any individual or private entity, regardless of whether the entity is a public agency or government contractor;

(2) track and identify trends in cybersecurity incidents reported through the cyber incident reporting system; and

(3) produce reports on the types of incidents, cyber threat, indicators, defensive measures, and entities reported through the cyber incident reporting system.

(g) Any cybersecurity incident report submitted to the commissioner is security information pursuant to section 13.37, is not discoverable in a civil or criminal action absent a court order or a search warrant, and is not subject to subpoena.

(h) Notwithstanding the provisions of paragraph (g), the commissioner may anonymize and share cyber threat indicators and relevant defensive measures to help prevent attacks and share cybersecurity incident notifications with potentially impacted parties through cybersecurity threat bulletins or relevant law enforcement authorities.

(i) Information submitted to the commissioner through the cyber incident reporting system is subject to privacy and protection procedures developed and implemented by the office, which shall be based on the comparable privacy protection procedures developed for information received and shared pursuant to the federal Cybersecurity Information Sharing Act of 2015, United States Code, title 6, section 1501, et seq.

Subd. 3. Annual report to the governor and legislature. Beginning January 31, 2026, and annually thereafter, the commissioner, in coordination with the superintendent, must submit a report on its cyber security incident report collection and resolution activities to the governor and to the legislative commission on cybersecurity. The report must include, at a minimum:

(1) information on the number of notifications received and a description of the cybersecurity incident types during the one-year period preceding the publication of the report;

(2) the categories of reporting entities that submitted cybersecurity reports; and

(3) any other information required in the submission of a cybersecurity incident report, noting any changes from the report published in the previous year.

Sec. 36. Minnesota Statutes 2022, section 43A.316, subdivision 5, is amended to read:

Subd. 5. **Public employee participation.** (a) Participation in the program is subject to the conditions in this subdivision.

(b) Each exclusive representative for an eligible employer determines whether the employees it represents will participate in the program. The exclusive representative shall give the employer notice of intent to participate at least 30 days before the expiration date of the collective bargaining agreement preceding the collective bargaining agreement that covers the date of entry into the program. The exclusive representative and the eligible employer shall give notice to the commissioner of the determination to participate in the program at least 30 days before entry into the program. Entry into the program is governed by a schedule established by the commissioner.

(c) Employees not represented by exclusive representatives may become members of the program upon a determination of an eligible employer to include these employees in the program. Either all or none of the employer's unrepresented employees must participate. The eligible employer shall give at least 30 days' notice to the commissioner before entering the program. Entry into the program is governed by a schedule established by the commissioner.

(d) Participation in the program is for a ~~two-year~~ four-year term. Participation is automatically renewed for an additional ~~two-year~~ four-year term unless the exclusive representative, or the employer for unrepresented employees, gives the commissioner notice of withdrawal at least 30 days before expiration of the participation period. A group that withdraws must wait two years before rejoining. An exclusive representative, or employer for unrepresented employees, may also withdraw if premiums increase ~~50~~ 20 percent or more from one insurance year to the next.

(e) The exclusive representative shall give the employer notice of intent to withdraw to the commissioner at least 30 days before the expiration date of a collective bargaining agreement that includes the date on which the term of participation expires.

(f) Each participating eligible employer shall notify the commissioner of names of individuals who will be participating within two weeks of the commissioner receiving notice of the parties' intent to participate. The employer shall also submit other information as required by the commissioner for administration of the program.

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

Sec. 37. Minnesota Statutes 2022, section 211B.33, subdivision 2, is amended to read:

Subd. 2. **Recommendation.** (a) If the administrative law judge determines that the complaint does not set forth a prima facie violation of chapter 211A or 211B, the administrative law judge must dismiss the complaint.

~~(b) If the administrative law judge determines that the complaint sets forth a prima facie violation of section 211B.06 and was filed within 60 days before the primary or special election or within 90 days before the general election to which the complaint relates, the administrative law judge must conduct an expedited probable cause hearing under section 211B.34.~~

~~(e)~~ (b) If the administrative law judge determines that the complaint sets forth a prima facie violation of a provision of chapter 211A or 211B, ~~other than section 211B.06~~, and that the complaint was filed within 60 days before the primary or special election or within 90 days before the general election to which the complaint relates, the administrative law judge, on request of any party, must conduct an expedited probable cause hearing under section 211B.34.

~~(d)~~ (c) If the administrative law judge determines that the complaint sets forth a prima facie violation of chapter 211A or 211B, and was ~~filed more than~~ not filed within 60 days before the primary or special election or ~~more than~~ 90 days before the general election to which the complaint relates, the administrative law judge must schedule an evidentiary hearing under section 211B.35.

Sec. 38. Minnesota Statutes 2022, section 211B.34, subdivision 1, is amended to read:

Subdivision 1. **Time for review.** The assigned administrative law judge must hold a probable cause hearing on the complaint no later than three business days after ~~receiving the assignment if~~ determining the complaint sets forth a prima facie violation of chapter 211A or 211B, an expedited hearing is required by section 211B.33, except that for good cause the administrative law judge may hold the hearing no later than seven days after ~~receiving the assignment~~ the prima facie determination. If an expedited hearing is not required by section 211B.33, ~~because no party requested one under section 211B.33, subdivision 2, paragraph (b)~~, the administrative law judge must hold the hearing not later than 30 days after ~~receiving the assignment~~ determining the complaint sets forth a prima facie violation of chapter 211A or 211B.

Sec. 39. Minnesota Statutes 2022, section 211B.34, subdivision 2, is amended to read:

Subd. 2. **Disposition.** ~~At~~ After the probable cause hearing, the administrative law judge must make one of the following determinations within three business days after the hearing record closes:

(a) The complaint is frivolous, or there is no probable cause to believe that the violation of law alleged in the complaint has occurred. If the administrative law judge makes either determination, the administrative law judge must dismiss the complaint.

(b) There is probable cause to believe that the violation of law alleged in the complaint has occurred. If the administrative law judge so determines, the chief administrative law judge must schedule the complaint for an evidentiary hearing under section 211B.35.

Sec. 40. Minnesota Statutes 2022, section 211B.35, subdivision 1, is amended to read:

Subdivision 1. **Deadline for hearing.** When required by section 211B.33, subdivision 2, paragraph (c), or by section 211B.34, subdivision 2 or 3, the chief administrative law judge must assign the complaint to a panel of three administrative law judges for an evidentiary hearing. The hearing must be held within the following times:

(1) ten days after the complaint was assigned to the panel, if an expedited probable cause hearing was requested or required under section 211B.33;

(2) 30 days after the complaint was filed, if it was filed within 60 days before the primary or special election or within 90 days before the general election to which the complaint relates; or

(3) 90 days after the complaint was filed, if it was filed at any other time.

For good cause shown, the panel may extend the deadline set forth in clause (2) or (3) by 60 days.

Sec. 41. Minnesota Statutes 2022, section 211B.35, subdivision 3, is amended to read:

Subd. 3. **Time for disposition.** The panel must dispose of the complaint:

(1) within three business days after the hearing record closes, if an expedited probable cause hearing was required by section 211B.33; and

(2) within 14 days after the hearing record closes, if an expedited probable cause hearing was not required by section 211B.33.

Sec. 42. Minnesota Statutes 2022, section 299E.01, subdivision 2, is amended to read:

Subd. 2. **Responsibilities.** (a) The division shall be responsible and shall utilize state employees for security and public information services in state-owned buildings and state leased-to-own buildings in the Capitol Area, as described in section 15B.02. It shall provide personnel as are required by the circumstances to insure the orderly conduct of state business and the convenience of the public. It shall provide emergency assistance and security escorts at any location within the Capitol Area, as described in section 15B.02, when requested by a state constitutional officer.

(b) As part of the division permanent staff, the director must establish the position of emergency manager that includes, at a minimum, the following duties:

(1) oversight of the consolidation, development, and maintenance of plans and procedures that provide continuity of security operations;

(2) the development and implementation of tenant training that addresses threats and emergency procedures; and

(3) the development and implementation of threat and emergency exercises.

(c) The director must provide a minimum of one state trooper assigned to the Capitol complex at all times.

(d) The director, in consultation with the advisory committee under section 299E.04, shall, at least annually, hold a meeting or meetings to discuss, among other issues, Capitol complex security, emergency planning, public safety, and public access to the Capitol complex. The meetings must include, at a minimum:

(1) Capitol complex tenants and state employees;

(2) nongovernmental entities, such as lobbyists, vendors, and the media; and

(3) the public and public advocacy groups.

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

Sec. 43. Minnesota Statutes 2023 Supplement, section 307.08, subdivision 3a, is amended to read:

Subd. 3a. **Cemeteries; records and condition assessments.** (a) Cemeteries shall be assessed according to this subdivision.

(b) The state archaeologist shall implement and maintain a system of records identifying the location of known, recorded, or suspected cemeteries. The state archaeologist shall provide access to the records as provided in subdivision 11.

(c) The cemetery condition assessment of non-American Indian cemeteries is at the discretion of the state archaeologist based on the needs identified in this section or upon request by an agency, a landowner, or other appropriate authority.

(d) The cemetery condition assessment of American Indian cemeteries is at the discretion of the Indian Affairs Council based on the needs identified in this section or upon request by an agency, a landowner, or other appropriate authority. If the Indian Affairs Council has possession or takes custody of remains they may follow United States Code, title 25, sections 3001 to 3013.

(e) The cemetery condition assessment of cemeteries that include American Indian and non-American Indian remains or include remains whose ancestry cannot be determined shall be assessed at the discretion of the state archaeologist in collaboration with the Indian Affairs Council based on the needs identified in this section or upon request by an agency, a landowner, or other appropriate authority.

(f) The state archaeologist and the Indian Affairs Council shall have 90 days from the date a request is received to begin a cemetery condition assessment or provide notice to the requester whether or not a condition assessment of a cemetery is needed.

(g) The state archaeologist and the Indian Affairs Council may retain the services of a qualified professional archaeologist, a qualified forensic anthropologist, or other appropriate experts for the purpose of gathering information that the state archaeologist or the Indian Affairs Council can use to assess or identify cemeteries. If probable American Indian cemeteries are to be disturbed or probable American Indian remains analyzed, the Indian Affairs Council must approve the professional archaeologist, qualified anthropologist, or other appropriate expert.

Sec. 44. Minnesota Statutes 2022, section 326.10, subdivision 8, is amended to read:

Subd. 8. **Expiration and renewal.** (a) All licenses and certificates, other than in-training certificates, issued by the board expire at midnight on June 30 of each even-numbered calendar year if not renewed. A holder of a license or certificate issued by the board may renew it by completing and filing with the board an application for renewal consisting of a fully completed form provided by the board and the fee specified in section 326.105. Both the fee and the application must be submitted at the same time and by June 30 of each even-numbered calendar year. The form must be signed by the applicant, contain all of the information requested, and clearly show that the licensee or certificate holder has completed the minimum number of required professional development hours or has been granted an exemption under section 326.107, subdivision 4. An application for renewal that does not comply with the requirements of this subdivision is an incomplete application and must not be accepted by the board.

(b) No later than 30 days before the expiration of a license or certificate, the board must send the holder of the license or certificate a notice by email that the license or certificate is about to expire. The notice must include information on the process and requirements for renewal. The application form for a new or renewed license or certificate issued by the board must request that the applicant provide an email address for the purpose of providing this notice. If the board does not have a record of a license or certificate holder's email address, the board must send the notice to the holder by standard mail.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to licenses and renewals scheduled to expire on or after that date.

Sec. 45. Minnesota Statutes 2022, section 326A.04, subdivision 4, is amended to read:

Subd. 4. **Program of learning.** Each licensee shall participate in a program of learning designed to maintain professional competency. The program of learning must comply with rules adopted by the board. The board may by rule create an exception to this requirement for licensees who do not perform or offer to perform for the public one or more kinds of services involving the use of auditing skills, including issuance of reports on: attest or compilation engagements, management advisory services, financial advisory services, or consulting services. A licensee granted such an exception by the board must place the word "inactive" or "retired," if applicable, adjacent to the CPA title on any business card, letterhead, or any other document or device, with the exception of the licensee's certificate on which the CPA title appears. The board must not conduct an audit of a licensee's compliance with these requirements during the 60 days prior to the deadline for filing an individual income tax return under section 289A.18, subdivision 1.

Sec. 46. Minnesota Statutes 2022, section 336.1-110, is amended to read:

336.1-110 UNIFORM COMMERCIAL CODE ACCOUNT.

The Uniform Commercial Code account is established as an account in the state treasury. Fees that are not expressly set by statute but are charged by the secretary of state to offset the costs of providing a service under this chapter must be deposited in the state treasury and credited to the Uniform Commercial Code account.

Fees that are not expressly set by statute but are charged by the secretary of state to offset the costs of providing information contained in the computerized records maintained by the secretary of state must be deposited in the state treasury and credited to the Uniform Commercial Code account.

Money in the Uniform Commercial Code account is continuously appropriated to the secretary of state to implement and maintain the central filing system under this chapter, to provide, improve, and expand other online or remote lien and business entity filing, retrieval, and payment method services provided by the secretary of state, and to provide electronic access and to support, maintain, and expand all other computerized records and systems maintained by the secretary of state.

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

Sec. 47. Minnesota Statutes 2022, section 358.645, subdivision 2, is amended to read:

Subd. 2. **Qualifications; registration required.** (a) A remote online notary public:

(1) is a notary public for purposes of chapter 359 and is subject to and must be appointed and commissioned under that chapter;

(2) may perform notarial acts as provided by this chapter and chapter 359 in addition to performing remote online notarizations; and

(3) may perform remote online notarizations authorized under this section.

(b) A notary public commissioned in this state may apply for remote online notarization registration according to this section. Before a notary performs a remote online notarization, the notary must register the capability to perform notarial acts pursuant to section 358.645 with the secretary of state ~~according to section 359.01, subdivision 5,~~ and must certify that the notary intends to use communication technology that conforms to this section.

(c) Unless terminated under this section, the term of registration to perform remote online notarial acts begins on the registration starting date set by the secretary of state and continues as long as the notary public's current commission to perform notarial acts remains valid.

(d) Upon the applicant's fulfillment of the requirements for remote online notarization registration under this section, the secretary of state shall record the registration under the applicant's notary public commission number.

(e) The secretary of state may reject a registration application if the applicant fails to comply with paragraphs (a) to (d). The commissioner of commerce may revoke a registration if the applicant fails to comply with subdivisions 2 to 6.

Sec. 48. Minnesota Statutes 2022, section 358.71, is amended to read:

358.71 DATABASE OF NOTARIES PUBLIC.

The secretary of state shall maintain an electronic database of notaries public:

~~(1) through which a person may verify the authority of a notary public to perform notarial acts, including notarial acts pursuant to section 358.645; and to perform notarial acts on electronic records.~~

~~(2) which indicates whether a notary public has applied to the commissioning officer or agency to perform notarial acts on electronic records or to perform notarial acts pursuant to section 358.645.~~

Sec. 49. Minnesota Statutes 2022, section 359.01, subdivision 5, is amended to read:

Subd. 5. **Registration to perform electronic notarizations.** Before performing electronic notarial acts, a notary public shall register the capability to notarize electronically with the secretary of state. ~~Before performing electronic notarial acts after recommissioning, a notary public shall reregister with the secretary of state. Unless terminated for any reason, the term of registration to perform electronic notarial acts begins on the registration starting date set by the secretary of state and continues as long as the notary public has a valid commission to perform notarial acts.~~ The requirements of this chapter relating to electronic notarial acts do not apply to notarial acts performed under sections 358.15, paragraph (a), clause (4), and 358.60, subdivision 1, clause (2).

Sec. 50. Minnesota Statutes 2022, section 359.03, subdivision 3, is amended to read:

Subd. 3. **Specifications.** (a) The official notarial stamp consists of the seal of the state of Minnesota, the name of the notary as it appears on the commission or the name of the ex officio notary, the words "Notary Public," or "Notarial Officer" in the case of an ex officio notary, and the words "My commission expires (or where applicable) My term is indeterminate," with the expiration date shown on it and must be able to be reproduced in any legibly reproducible manner. The official notarial stamp shall be a rectangular form of not more than three-fourths of an inch vertically by 2-1/2 inches horizontally, with a serrated or milled edge border, and shall contain the information required by this subdivision.

(b) A notarial stamp that complied with these requirements at the time of issuance may continue to be used during the remainder of the current term of the notary even if changes to any of these requirements subsequently become effective.

Sec. 51. **STATE CAPITOL; MANAGEMENT OF SPACE.**

Notwithstanding any law or space use agreements to the contrary, the commissioner of administration must allocate the first floor, North corridor adjoining rooms 107 and 112 of the State Capitol building to the use and management of the house of representatives during any period in which the legislature is convened in regular or special session. During these periods, public use of the space must not interfere with the conduct of legislative business or the security of legislators or legislative staff, and events and other programs scheduled within the space must only be permitted if approved by the speaker of the house.

Sec. 52. **REPEALER; FALSE POLITICAL AND CAMPAIGN MATERIAL.**

Minnesota Statutes 2022, section 211B.06, is repealed.

Sec. 53. **REPEALER; FEDERAL EDUCATION LAW IMPLEMENTATION REPORT.**

Minnesota Statutes 2022, section 127A.095, subdivision 3, is repealed.

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

Sec. 54. **REPEALER; DEPARTMENT OF INFORMATION TECHNOLOGY SERVICES PROVISIONS.**

Minnesota Statutes 2022, sections 16E.035; 16E.0465, subdivisions 1 and 2; 16E.055; and 16E.20, are repealed.

ARTICLE 3
LOCAL GOVERNMENT POLICY

Section 1. Minnesota Statutes 2022, section 383B.145, subdivision 5, is amended to read:

Subd. 5. **Set-aside contracts.** (a) Notwithstanding any other law to the contrary, the board may set aside an amount, for each fiscal year, for awarding contracts to businesses and social services organizations ~~which have a majority of employees~~ that employ persons who would be eligible for public assistance or who would require rehabilitative services in the absence of their employment. The set-aside amount may not exceed two percent of the amount appropriated by the board in the budget for the preceding fiscal year. Failure by the board to designate particular procurements for the set-aside program shall not prevent vendors from seeking the procurement award through the normal solicitation and bidding processes pursuant to the provisions of the Uniform Municipal Contracting Act, section 471.345.

(b) The board may elect to use a negotiated price or bid contract procedure in the awarding of a procurement contract under the set-aside program. The amount of the award shall not exceed by more than five percent the estimated price for the goods or services, if they were to be purchased on the open market and not under the set-aside program.

(c) Before contracting with a business or social service organization under the set-aside program, the board or authorized person shall conduct an investigation of the business or social service organization with whom it seeks to contract and shall make findings, to be contained in the provisions of the contract, that:

(1) the vendor either:

(i) has in its employ at least 50 percent of its employees who would be eligible to receive some form of public assistance or other rehabilitative services in the absence of the award of a contract to the vendor; or

(ii) if the vendor is a business providing construction services, has in its employ to deliver the set-aside contract as many employees who would be eligible to receive some form of public assistance or other rehabilitative services in the absence of the award of a contract to the vendor as is practicable in consideration of industry safety standards, established supervisory ratios for apprentices, and requirements for licensed persons to perform certain work;

(2) the vendor has elected to apply to the board for a contract under the set-aside provisions; and

(3) the vendor is able to perform the set-aside contract.

(d) The board shall publicize the provisions of the set-aside program, attempt to locate vendors able to perform set-aside procurement contracts and otherwise encourage participation therein.

Sec. 2. Minnesota Statutes 2023 Supplement, section 473.145, is amended to read:

473.145 DEVELOPMENT GUIDE.

(a) The Metropolitan Council must prepare and adopt, after appropriate study and such public hearings as may be necessary, a comprehensive development guide for the metropolitan area. It must consist of a compilation of policy statements, goals, standards, programs, and maps prescribing guides for the orderly and economical

development, public and private, of the metropolitan area. The comprehensive development guide must recognize and encompass physical, social, or economic needs of the metropolitan area and those future developments which will have an impact on the entire area including but not limited to such matters as land use, climate mitigation and adaptation, parks and open space land needs, the necessity for and location of airports, highways, transit facilities, public hospitals, libraries, schools, and other public buildings.

(b) For the purposes of this section, "climate mitigation and adaptation" includes mitigation goals and strategies that meet or exceed the greenhouse gas emissions-reduction goals established by the state under section 216H.02, subdivision 1, and transportation targets established by the commissioner of transportation, including vehicle miles traveled reduction targets established in the statewide multimodal transportation plan under section 174.03, subdivision 1a, as well as plans and policies to address climate adaptation in the region. The commissioner of transportation must consult with the Metropolitan Council on transportation targets prior to establishing the targets.

(c) The adoption or amendment of a comprehensive plan, fiscal device, or official control that is consistent with or approved in connection with sections 473.858 to 473.865 shall not constitute conduct that causes or is likely to cause pollution, impairment, or destruction, as defined under section 116B.02, subdivision 5. Nothing in this paragraph prevents a challenge under chapter 116B to an individual project, as defined under Minnesota Rules, part 4410.0200, subpart 65.

Sec. 3. **ANOKA COUNTY; JAIL AND CRIMINAL JUSTICE CENTER.**

Subdivision 1. **Jail and criminal justice center.** Notwithstanding Minnesota Statutes, section 373.05, Anoka County may build a jail and criminal justice center in any city located within the county to replace the current jail located in the city of Anoka.

Subd. 2. **Sheriff's office.** Notwithstanding Minnesota Statutes, section 382.04, the sheriff of Anoka County may keep the sheriff's office in the jail and criminal justice center authorized under subdivision 1 instead of in the county seat.

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

Sec. 4. **REPEALER.**

(a) Minnesota Statutes 2022, section 471.9998, is repealed.

(b) Laws 1979, chapter 189, sections 1; 2, as amended by Laws 1984, chapter 548, section 8; and 3, are repealed.

EFFECTIVE DATE. Paragraph (a) is effective the day following final enactment. Paragraph (b) is effective the day after the governing body of the city of St. Paul and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3."

Delete the title and insert:

"A bill for an act relating to state government; specifying administrative courts and work product data; modifying the Administrative Procedure Act; modifying certain salaries of employees of the Office of Administrative Hearings; requiring certain grantees to establish a capital project replacement fund; making technical changes to Department of Administration, Department of Information Technology Services, and state personnel management provisions; establishing a state building renewable energy, storage, and electric vehicle account; changing a reporting date for report of uncollectible debts; requiring reports of cybersecurity incidents; changing provisions for campaign practices complaints, cemeteries, certain licensed employment, Uniform Commercial Code, and notaries public; designating use of certain State Capitol space; modifying provisions for Hennepin County and

Metropolitan Council; allowing Anoka County to build a jail and criminal justice center; assessing penalties; requiring reports; transferring money from the general fund to the healthy and sustainable food options account; canceling certain funds; appropriating money; amending Minnesota Statutes 2022, sections 14.05, subdivision 7; 14.08; 14.16, subdivision 3; 14.26, subdivision 3a; 14.386; 14.388, subdivision 2; 14.3895, subdivisions 2, 6; 14.48, subdivision 2; 14.62, subdivision 2a; 15.994; 15A.083, subdivision 6a; 16B.055, subdivision 1; 16B.48, subdivision 4; 16B.54, subdivision 2; 16B.97, subdivision 1; 16B.98, subdivision 1; 16C.137, subdivision 2; 16D.09, subdivision 1; 16E.01, subdivision 2; 16E.03, subdivisions 3, 4, 5, 7; 16E.04, subdivisions 2, 3; 16E.07; 43A.316, subdivision 5; 211B.33, subdivision 2; 211B.34, subdivisions 1, 2; 211B.35, subdivisions 1, 3; 299E.01, subdivision 2; 326.10, subdivision 8; 326A.04, subdivision 4; 336.1-110; 358.645, subdivision 2; 358.71; 359.01, subdivision 5; 359.03, subdivision 3; 383B.145, subdivision 5; Minnesota Statutes 2023 Supplement, sections 10.65, subdivision 2; 16E.01, subdivision 3; 16E.03, subdivision 2; 307.08, subdivision 3a; 473.145; Laws 2023, chapter 62, article 1, section 11, subdivisions 2, 4; proposing coding for new law in Minnesota Statutes, chapters 13; 14; 16B; 16E; repealing Minnesota Statutes 2022, sections 16E.035; 16E.0465, subdivisions 1, 2; 16E.055; 16E.20; 127A.095, subdivision 3; 211B.06; 471.9998; Laws 1979, chapter 189, sections 1; 2, as amended; 3."

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

The report was adopted.

Hassan from the Committee on Economic Development Finance and Policy to which was referred:

H. F. No. 3449, A bill for an act relating to economic development; making technical changes to certain appropriations; amending Laws 2023, chapter 53, article 15, section 32, subdivision 6.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
APPROPRIATIONS

Section 1. Laws 2023, chapter 53, article 20, section 2, subdivision 1, is amended to read:

Subdivision 1. Total Appropriation	\$382,802,000	\$ 310,131,000 <u>306,306,000</u>
Appropriations by Fund		
	2024	2025
General	352,525,000	279,854,000 <u>276,029,000</u>
Remediation	700,000	700,000
Workforce Development	30,277,000	30,277,000

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

Sec. 2. Laws 2023, chapter 53, article 20, section 2, subdivision 2, is amended to read:

Subd. 2. Business and Community Development	195,061,000	139,929,000 <u>136,104,000</u>
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Appropriations by Fund

General	193,011,000	137,879,000 <u>134,054,000</u>
Remediation	700,000	700,000
Workforce Development	1,350,000	1,350,000

(a) \$2,287,000 each year is for the greater Minnesota business development public infrastructure grant program under Minnesota Statutes, section 116J.431. This appropriation is available until June 30, 2027.

(b) \$500,000 each year is for grants to small business development centers under Minnesota Statutes, section 116J.68. Money made available under this paragraph may be used to match funds under the federal Small Business Development Center (SBDC) program under United States Code, title 15, section 648, to provide consulting and technical services or to build additional SBDC network capacity to serve entrepreneurs and small businesses.

(c) \$2,500,000 ~~each the first year~~ is for Launch Minnesota. ~~These are~~ This is a onetime ~~appropriations~~ appropriation. Of this amount:

(1) \$1,500,000 ~~each year~~ is for innovation grants to eligible Minnesota entrepreneurs or start-up businesses to assist with their operating needs;

(2) \$500,000 ~~each year~~ is for administration of Launch Minnesota; and

(3) \$500,000 ~~each year~~ is for grantee activities at Launch Minnesota.

(d)(1) \$500,000 each year is for grants to MNSBIR, Inc., to support moving scientific excellence and technological innovation from the lab to the market for start-ups and small businesses by securing federal research and development funding. The purpose of the grant is to build a strong Minnesota economy and stimulate the creation of novel products, services, and solutions in the private sector; strengthen the role of small business in meeting federal research and development needs; increase the commercial application of federally supported research results; and develop and increase the Minnesota workforce, especially by fostering and encouraging participation by small businesses owned by women and people who are Black, Indigenous, or people of color. This is a onetime appropriation.

(2) MNSBIR, Inc., shall use the grant money to be the dedicated resource for federal research and development for small businesses of up to 500 employees statewide to support research and commercialization of novel ideas, concepts, and projects into cutting-edge products and services for worldwide economic impact. MNSBIR, Inc., shall use grant money to:

(i) assist small businesses in securing federal research and development funding, including the Small Business Innovation Research and Small Business Technology Transfer programs and other federal research and development funding opportunities;

(ii) support technology transfer and commercialization from the University of Minnesota, Mayo Clinic, and federal laboratories;

(iii) partner with large businesses;

(iv) conduct statewide outreach, education, and training on federal rules, regulations, and requirements;

(v) assist with scientific and technical writing;

(vi) help manage federal grants and contracts; and

(vii) support cost accounting and sole-source procurement opportunities.

(e) \$10,000,000 the first year is for the Minnesota Expanding Opportunity Fund Program under Minnesota Statutes, section 116J.8733. This is a onetime appropriation and is available until June 30, 2025.

(f) \$6,425,000 each year is for the small business assistance partnerships program under Minnesota Statutes, section 116J.682. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year. The department may use up to five percent of the appropriation for administrative purposes. The base for this appropriation is \$2,725,000 in fiscal year 2026 and each year thereafter.

(g) \$350,000 each year is for administration of the community energy transition office.

(h) \$5,000,000 each year is transferred from the general fund to the community energy transition account for grants under Minnesota Statutes, section 116J.55. This is a onetime transfer.

(i) \$1,772,000 each year is for contaminated site cleanup and development grants under Minnesota Statutes, sections 116J.551 to 116J.558. This appropriation is available until expended.

(j) \$700,000 each year is from the remediation fund for contaminated site cleanup and development grants under Minnesota Statutes, sections 116J.551 to 116J.558. This appropriation is available until expended.

(k) \$389,000 each year is for the Center for Rural Policy and Development. The base for this appropriation is \$139,000 in fiscal year 2026 and each year thereafter.

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

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

(n) \$6,500,000 each year is for grants to local communities to increase the number of quality child care providers to support economic development. Fifty percent of grant money must go to communities located outside the seven-county metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2. The base for this appropriation is \$1,500,000 in fiscal year 2026 and each year thereafter.

Grant recipients must obtain a 50 percent nonstate match to grant money in either cash or in-kind contribution, unless the commissioner waives the requirement. Grant money available under this subdivision must be used to implement projects to reduce the child care shortage in the state, including but not limited to funding for child care business start-ups or expansion, training, facility modifications, direct subsidies or incentives to retain employees, or improvements required for licensing, and assistance with licensing and other regulatory requirements. In awarding grants, the commissioner must give priority to communities that have demonstrated a shortage of child care providers.

Within one year of receiving grant money, grant recipients must report to the commissioner on the outcomes of the grant program, including but not limited to the number of new providers, the number of additional child care provider jobs created, the number of additional child care openings, and the amount of cash and in-kind local money invested. Within one month of all grant recipients reporting on program outcomes, the commissioner must report the grant recipients' outcomes to the chairs and ranking members of the legislative committees with jurisdiction over early learning and child care and economic development.

(o) \$500,000 each year is for the Office of Child Care Community Partnerships. Of this amount:

(1) \$450,000 each year is for administration of the Office of Child Care Community Partnerships; and

(2) \$50,000 each year is for the Labor Market Information Office to conduct research and analysis related to the child care industry.

(p) \$3,500,000 each year is for grants in equal amounts to each of the Minnesota Initiative Foundations. This appropriation is available until June 30, 2027. The base for this appropriation is \$1,000,000 in fiscal year 2026 and each year thereafter. The Minnesota Initiative Foundations must use grant money under this section to:

(1) facilitate planning processes for rural communities resulting in a community solution action plan that guides decision making to sustain and increase the supply of quality child care in the region to support economic development;

(2) engage the private sector to invest local resources to support the community solution action plan and ensure quality child care is a vital component of additional regional economic development planning processes;

(3) provide locally based training and technical assistance to rural business owners individually or through a learning cohort. Access to financial and business development assistance must prepare child care businesses for quality engagement and improvement by stabilizing operations, leveraging funding from other sources, and fostering business acumen that allows child care businesses to plan for and afford the cost of providing quality child care; and

(4) recruit child care programs to participate in quality rating and improvement measurement programs. The Minnesota Initiative Foundations must work with local partners to provide low-cost training, professional development opportunities, and continuing education curricula. The Minnesota Initiative Foundations must fund, through local partners, an enhanced level of coaching to rural child care providers to obtain a quality rating through measurement programs.

(q) \$8,000,000 each year is for the Minnesota job creation fund under Minnesota Statutes, section 116J.8748. Of this amount, the commissioner of employment and economic development may use up to three percent for administrative expenses. This appropriation is available until expended. Notwithstanding Minnesota Statutes, section 116J.8748, money appropriated for the job creation fund may be used for redevelopment under Minnesota Statutes, sections 116J.575 and 116J.5761, at the discretion of the commissioner.

(r) \$12,370,000 each year is for the Minnesota investment fund under Minnesota Statutes, section 116J.8731. Of this amount, the commissioner of employment and economic development may use up to three percent for administration and monitoring of the program. This appropriation is available until expended. Notwithstanding Minnesota Statutes, section 116J.8731, money appropriated to the commissioner for the Minnesota investment fund may be used for the redevelopment program under Minnesota Statutes, sections 116J.575 and 116J.5761, at the discretion of the commissioner. Grants under this paragraph are not subject to the grant amount limitation under Minnesota Statutes, section 116J.8731.

(s) \$4,246,000 each year is for the redevelopment program under Minnesota Statutes, sections 116J.575 and 116J.5761. The base for this appropriation is \$2,246,000 in fiscal year 2026 and each year thereafter. This appropriation is available until expended.

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

(u) \$325,000 ~~each~~ the first year is for the Minnesota Film and TV Board. The appropriation ~~each year~~ is available only upon receipt by the board of \$1 in matching contributions of money or in-kind contributions from nonstate sources for every \$3 provided by this appropriation, except that ~~each year~~ up to \$50,000 is available on July 1 even if the required matching contribution has not been received by that date. This is a onetime appropriation.

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

(w) \$500,000 ~~each~~ the first year is for a grant to the Minnesota Film and TV Board for the film production jobs program under Minnesota Statutes, section 116U.26. This appropriation is available until June 30, 2027. This is a onetime appropriation.

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

(y) \$1,350,000 each year from the workforce development fund is for jobs training grants under Minnesota Statutes, section 116L.41.

(z) \$47,475,000 each year is for the PROMISE grant program. This is a onetime appropriation and is available until June 30, 2027. Of this amount:

(1) \$475,000 each year is for administration of the PROMISE grant program;

(2) \$7,500,000 each year is for grants in equal amounts to each of the Minnesota Initiative Foundations to serve businesses in greater Minnesota. Of this amount, \$600,000 each year is for grants to businesses with less than \$100,000 in revenue in the prior year; and

(3) \$39,500,000 each year is for grants to the Neighborhood Development Center. Of this amount, the following amounts are designated for the following areas:

(i) \$16,000,000 each year is for North Minneapolis' West Broadway, Camden, or other Northside neighborhoods. Of this amount, \$1,000,000 each year is for grants to businesses with less than \$100,000 in revenue in the prior year;

(ii) \$13,500,000 each year is for South Minneapolis' Lake Street, 38th and Chicago, Franklin, Nicollet, and Riverside corridors. Of this amount, \$750,000 each year is for grants to businesses with less than \$100,000 in revenue in the prior year; and

(iii) \$10,000,000 each year is for St. Paul's University Avenue, Midway, Eastside, or other St. Paul neighborhoods. Of this amount, \$750,000 each year is for grants to businesses with less than \$100,000 in revenue in the prior year.

(aa) \$15,150,000 each year is for the PROMISE loan program. This is a onetime appropriation and is available until June 30, 2027. Of this amount:

(1) \$150,000 each year is for administration of the PROMISE loan program;

(2) \$3,000,000 each year is for grants in equal amounts to each of the Minnesota Initiative Foundations to serve businesses in greater Minnesota; and

(3) \$12,000,000 each year is for grants to the Metropolitan Economic Development Association (MEDA). Of this amount, the following amounts are designated for the following areas:

(i) \$4,500,000 each year is for North Minneapolis' West Broadway, Camden, or other Northside neighborhoods;

(ii) \$4,500,000 each year is for South Minneapolis' Lake Street, 38th and Chicago, Franklin, Nicollet, and Riverside corridors; and

(iii) \$3,000,000 each year is for St. Paul's University Avenue, Midway, Eastside, or other St. Paul neighborhoods.

(bb) \$1,500,000 each year is for a grant to the Metropolitan Consortium of Community Developers for the community wealth-building grant program pilot project. Of this amount, up to two percent is for administration and monitoring of the community wealth-building grant program pilot project. This is a onetime appropriation.

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

(dd) \$5,000,000 the first year is for a grant to the Bloomington Port Authority to provide funding for the Expo 2027 host organization. The Bloomington Port Authority must enter into an agreement with the host organization over the use of money, which may be used for activities, including but not limited to finalizing the community dossier and staffing the host organization and for infrastructure design and planning, financial modeling, development planning and coordination of both real estate and public private partnerships, and reimbursement of costs the Bloomington Port Authority incurred. In selecting vendors and exhibitors for Expo 2027, the host organization shall prioritize outreach to, collaboration with, and inclusion of businesses that are majority owned by people of color, women, and people with disabilities. The host organization and Bloomington Port Authority may be reimbursed for expenses 90 days prior to encumbrance. This appropriation is contingent on approval of the project by the Bureau International des Expositions. If the project is not approved by the Bureau International des Expositions, the money shall transfer to the Minnesota investment fund under Minnesota Statutes, section 116J.8731. Any unencumbered balance remaining at the end of the first year does not cancel but is available for the second year.

(ee) \$5,000,000 the first year is for a grant to the Neighborhood Development Center for small business programs, including training, lending, business services, and real estate programming; small business incubator development in the Twin Cities and outside the seven-county metropolitan area; and technical assistance activities for partners outside the seven-county metropolitan area; and for high-risk, character-based loan capital for nonrecourse loans. This is a onetime appropriation. Any unencumbered balance remaining at the end of the first year does not cancel but is available for the second year.

(ff) \$5,000,000 the first year is for transfer to the emerging developer fund account in the special revenue fund. Of this amount, up to five percent is for administration and monitoring of the emerging developer fund program under Minnesota Statutes, section 116J.9926, and the remainder is for a grant to the Local Initiatives Support Corporation - Twin Cities to serve as a partner organization under the program. This is a onetime appropriation.

(gg) \$5,000,000 the first year is for the Canadian border counties economic relief program under article 5. Of this amount, up to \$1,000,000 is for Tribal economic development and \$2,100,000 is for a grant to Lake of the Woods County for the forgivable loan program for remote recreational businesses. This is a onetime appropriation and is available until June 30, 2026.

(hh) \$1,000,000 each year is for a grant to African Economic Development Solutions. This is a onetime appropriation and is available until June 30, 2026. Of this amount:

(1) \$500,000 each year is for a loan fund that must address pervasive economic inequities by supporting business ventures of entrepreneurs in the African immigrant community; and

(2) \$250,000 each year is for workforce development and technical assistance, including but not limited to business development, entrepreneur training, business technical assistance, loan packing, and community development services.

(ii) \$1,500,000 each year is for a grant to the Latino Economic Development Center. This is a onetime appropriation and is available until June 30, 2025. Of this amount:

(1) \$750,000 each year is to assist, support, finance, and launch microentrepreneurs by delivering training, workshops, and one-on-one consultations to businesses; and

(2) \$750,000 each year is to guide prospective entrepreneurs in their start-up process by introducing them to key business concepts, including business start-up readiness. Grant proceeds must be used to offer workshops on a variety of topics throughout the year, including finance, customer service, food-handler training, and food-safety certification. Grant proceeds may also be used to provide lending to business startups.

(jj) \$627,000 the first year is for a grant to Community and Economic Development Associates (CEDA) to provide funding for economic development technical assistance and economic development project grants to small communities across rural Minnesota and for CEDA to design, implement, market, and administer specific types of basic community and economic development programs tailored to individual community needs.

Technical assistance grants shall be based on need and given to communities that are otherwise unable to afford these services. Of the amount appropriated, up to \$270,000 may be used for economic development project implementation in conjunction with the technical assistance received. This is a onetime appropriation. Any unencumbered balance remaining at the end of the first year does not cancel but is available the second year.

(kk) \$2,000,000 the first year is for a grant to WomenVenture to:

(1) support child care providers through business training and shared services programs and to create materials that could be used, free of charge, for start-up, expansion, and operation of child care businesses statewide, with the goal of helping new and existing child care businesses in underserved areas of the state become profitable and sustainable; and

(2) support business expansion for women food entrepreneurs throughout Minnesota's food supply chain to help stabilize and strengthen their business operations, create distribution networks, offer technical assistance and support to beginning women food entrepreneurs, develop business plans, develop a workforce, research expansion strategies, and for other related activities.

Eligible uses of the money include but are not limited to:

(i) leasehold improvements;

(ii) additions, alterations, remodeling, or renovations to rented space;

(iii) inventory or supplies;

(iv) machinery or equipment purchases;

(v) working capital; and

(vi) debt refinancing.

Money distributed to entrepreneurs may be loans, forgivable loans, and grants. Of this amount, up to five percent may be used for the WomenVenture's technical assistance and administrative costs. This is a onetime appropriation and is available until June 30, 2026.

By December 15, 2026, WomenVenture must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture and employment and economic development. The report must include a summary of the uses of the appropriation, including the amount of the appropriation used for administration. The report must also provide a breakdown of the amount of funding used for loans,

forgivable loans, and grants; information about the terms of the loans issued; a discussion of how money from repaid loans will be used; the number of entrepreneurs assisted; and a breakdown of how many entrepreneurs received assistance in each county.

(ll) \$2,000,000 the first year is for a grant to African Career, Education, and Resource, Inc., for operational infrastructure and technical assistance to small businesses. This appropriation is available until June 30, 2025.

(mm) \$5,000,000 the first year is for a grant to the African Development Center to provide loans to purchase commercial real estate and to expand organizational infrastructure. This appropriation is available until June 30, 2025. Of this amount:

(1) \$2,800,000 is for loans to purchase commercial real estate targeted at African immigrant small business owners;

(2) \$364,000 is for loan loss reserves to support loan volume growth and attract additional capital;

(3) \$836,000 is for increasing organizational capacity;

(4) \$300,000 is for the safe 2 eat project of inclusive assistance with required restaurant licensing examinations; and

(5) \$700,000 is for a center for community resources for language and technology assistance for small businesses.

(nn) \$7,000,000 the first year is for grants to the Minnesota Initiative Foundations to capitalize their revolving loan funds, which address unmet financing needs of for-profit business start-ups, expansions, and ownership transitions; nonprofit organizations; and developers of housing to support the construction, rehabilitation, and conversion of housing units. Of the amount appropriated:

(1) \$1,000,000 is for a grant to the Southwest Initiative Foundation;

(2) \$1,000,000 is for a grant to the West Central Initiative Foundation;

(3) \$1,000,000 is for a grant to the Southern Minnesota Initiative Foundation;

(4) \$1,000,000 is for a grant to the Northwest Minnesota Foundation;

(5) \$2,000,000 is for a grant to the Initiative Foundation of which \$1,000,000 is for redevelopment of the St. Cloud Youth and Family Center; and

(6) \$1,000,000 is for a grant to the Northland Foundation.

(oo) \$500,000 each year is for a grant to Enterprise Minnesota, Inc., to reach and deliver talent, leadership, employee retention, continuous improvement, strategy, quality management systems, revenue growth, and manufacturing peer-to-peer advisory services to small manufacturing companies employing 35 or fewer full-time equivalent employees. This is a onetime appropriation. No later than February 1, 2025, and February 1, 2026, Enterprise Minnesota, Inc., must provide a report to the chairs and ranking minority members of the legislative committees with jurisdiction over economic development that includes:

(1) the grants awarded during the past 12 months;

(2) the estimated financial impact of the grants awarded to each company receiving services under the program;

(3) the actual financial impact of grants awarded during the past 24 months; and

(4) the total amount of federal funds leveraged from the Manufacturing Extension Partnership at the United States Department of Commerce.

(pp) \$375,000 each year is for a grant to PFund Foundation to provide grants to LGBTQ+-owned small businesses and entrepreneurs. Of this amount, up to five percent may be used for PFund Foundation's technical assistance and administrative costs. This is a onetime appropriation and is available until June 30, 2026. To the extent practicable, money must be distributed by PFund Foundation as follows:

(1) at least 33.3 percent to businesses owned by members of racial minority communities; and

(2) at least 33.3 percent to businesses outside of the seven-county metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2.

(qq) \$125,000 each year is for a grant to Quorum to provide business support, training, development, technical assistance, and related activities for LGBTQ+-owned small businesses that are recipients of a PFund Foundation grant. Of this amount, up to five percent may be used for Quorum's technical assistance and administrative costs. This is a onetime appropriation and is available until June 30, 2026.

(rr) \$5,000,000 the first year is for a grant to the Metropolitan Economic Development Association (MEDA) for statewide business development and assistance services to minority-owned businesses. This is a onetime appropriation. Any unencumbered balance remaining at the end of the first year does not cancel but is available the second year. Of this amount:

(1) \$3,000,000 is for a revolving loan fund to provide additional minority-owned businesses with access to capital; and

(2) \$2,000,000 is for operating support activities related to business development and assistance services for minority business enterprises.

By February 1, 2025, MEDA shall report to the commissioner and the chairs and ranking minority members of the legislative committees with jurisdiction over economic development policy and finance on the loans and operating support activities, including outcomes and expenditures, supported by the appropriation under this paragraph.

(ss) \$2,500,000 each year is for a grant to a Minnesota-based automotive component manufacturer and distributor specializing in electric vehicles and sensor technology that manufactures all of their parts onshore to expand their manufacturing. The grant recipient under this paragraph shall submit reports on the uses of the money appropriated, the number of jobs created due to the appropriation, wage information, and the city and state in which the additional manufacturing activity was located to the chairs and ranking minority members of the legislative committees with jurisdiction over economic development. An initial report shall be submitted by December 15, 2023, and a final report is due by December 15, 2025. This is a onetime appropriation.

(tt)(1) \$125,000 each year is for grants to the Latino Chamber of Commerce Minnesota to support the growth and expansion of small businesses statewide. Funds may be used for the cost of programming, outreach, staffing, and supplies. This is a onetime appropriation.

(2) By January 15, 2026, the Latino Chamber of Commerce Minnesota must submit a report to the legislative committees with jurisdiction over economic development that details the use of grant funds and the grant's economic impact.

(uu) \$175,000 the first year is for a grant to the city of South St. Paul to study options for repurposing the 1927 American Legion Memorial Library after the property is no longer used as a library. This appropriation is available until the project is completed or abandoned, subject to Minnesota Statutes, section 16A.642.

(vv) \$250,000 the first year is for a grant to LatinoLEAD for organizational capacity-building.

(ww) \$80,000 the first year is for a grant to the Neighborhood Development Center for small business competitive grants to software companies working to improve employee engagement and workplace culture and to reduce turnover.

(xx)(1) \$3,000,000 in the first year is for a grant to the Center for Economic Inclusion for strategic, data-informed investments in job creation strategies that respond to the needs of underserved populations statewide. This may include forgivable loans, revenue-based financing, and equity investments for entrepreneurs with barriers to growth. Of this amount, up to five percent may be used for the center's technical assistance and administrative costs. This appropriation is available until June 30, 2025.

(2) By January 15, 2026, the Center for Economic Inclusion shall submit a report on the use of grant funds, including any loans made, to the legislative committees with jurisdiction over economic development.

(yy) \$500,000 ~~each~~ the first year is for a grant to the Asian Economic Development Association for asset building and financial empowerment for entrepreneurs and small business owners, small business development and technical assistance, and cultural placemaking. This is a onetime appropriation.

(zz) \$500,000 each year is for a grant to Isuroon to support primarily African immigrant women with entrepreneurial training to start, manage, and grow self-sustaining microbusinesses, develop incubator space for these businesses, and provide support with financial and language literacy, systems navigation to eliminate capital access disparities, marketing, and other technical assistance. This is a onetime appropriation.

Sec. 3. Laws 2023, chapter 53, article 20, section 3, is amended to read:

Sec. 3. **EXPLORE MINNESOTA TOURISM**

\$ 40,954,000
40,554,000

\$21,369,000

(a) \$500,000 each year must be matched from nonstate sources to develop maximum private sector involvement in tourism. Each \$1 of state incentive must be matched with \$6 of private sector money. "Matched" means revenue to the state or documented in-kind, soft match, or cash expenditures directly expended to support Explore Minnesota Tourism under Minnesota Statutes, section 116U.05. The incentive in fiscal year 2024 is based on fiscal year 2023 private sector contributions. The incentive in fiscal year 2025 is based on fiscal year 2024 private sector contributions. This incentive is ongoing.

(b) \$11,000,000 the first year is for the development of Explore Minnesota for Business under Minnesota Statutes, section 116U.07, to market the overall livability and economic opportunities of Minnesota. This is a onetime appropriation.

(c) \$5,500,000 each year is for the development of new initiatives for Explore Minnesota Tourism. If the amount in the first year is insufficient, the amount in the second year is available in the first year. This is a onetime appropriation.

(d) ~~\$6,047,000~~ \$5,647,000 the first year and \$600,000 the second year is for grants for infrastructure and associated costs for cultural festivals and events, including but not limited to buildout, permits, sanitation and maintenance services, transportation, staffing, event programming, public safety, facilities and equipment rentals, signage, and insurance. This is a onetime appropriation. Of this amount:

(1) \$1,847,000 the first year is for a grant to the Minneapolis Downtown Council for the Taste of Minnesota event;

(2) \$1,200,000 the first year is for a grant to the Stairstep Foundation for African American cultural festivals and events;

(3) ~~\$1,200,000~~ \$800,000 the first year is for grants for Somali community and cultural festivals and events, including festivals and events in greater Minnesota, as follows:

(i) \$400,000 is for a grant to Ka Joog; and

(ii) \$400,000 is for a grant to the Somali Museum of Minnesota; ~~and~~

~~(iii) \$400,000 is for a grant to ESHARA;~~

(4) \$1,200,000 the first year is for a grant to West Side Boosters for Latino cultural festivals and events; and

(5) \$600,000 the first year and \$600,000 the second year are for grants to the United Hmong Family, Inc. for the Hmong International Freedom Festival event.

(e) Money for marketing grants is available either year of the biennium. Unexpended grant money from the first year is available in the second year.

(f) The base for Explore Minnesota is \$17,023,000 from the general fund in fiscal year 2026 and each year thereafter.

Sec. 4. **APPROPRIATIONS.**

Subdivision 1. **Department of Employment and Economic Development.** \$6,797,000 in fiscal year 2025 is appropriated from the general fund to the commissioner of employment and economic development. This appropriation is onetime and in addition to the amounts appropriated in Laws 2023, chapter 53. Of this amount:

(1) \$500,000 is for a grant to the Asian Economic Development Association for asset building and financial empowerment for entrepreneurs and small business owners, small business development and technical assistance, and cultural placemaking. This amount is available until June 30, 2027;

(2) \$497,000 is for a grant to Propel Nonprofits for a microloan capital program to provide assistance to organizations that primarily serve historically underserved communities, including loans, forgivable loans, grants for working capital or regranting, and real estate and technical assistance. Up to five percent of this amount may be used by the grantee for administrative costs;

(3) \$1,000,000 is for a grant to the New American Development Center to provide small businesses and entrepreneurs with technical assistance, financial education, training, and lending and to build the grantee's capacity;

(4) \$1,000,000 is for a grant to the Entrepreneur Fund to capitalize their revolving loan funds to address unmet financing needs in northeast Minnesota of for-profit business startups, expansions, and ownership transitions;

(5) \$500,000 is for a grant to the Coalition of Asian American Leaders to support outreach, training, technical assistance, peer network development, and direct financial assistance for Asian Minnesotan women entrepreneurs. This amount is available until June 30, 2026;

(6) \$300,000 is for a grant to Fortis Capital for a revolving loan fund to provide risk-mitigating capital for commercial development activities in underserved communities and to entrepreneurs from disadvantaged groups statewide. This amount is available until expended and up to ten percent of the amount may be used for administrative costs;

(7) \$500,000 is for a grant to Arrowhead Economic Opportunity Agency to develop a new service center; and

(8) \$2,500,000 is for Launch Minnesota and is available until June 30, 2027. Of this amount:

(i) \$1,500,000 is for innovation grants to eligible Minnesota entrepreneurs or start-up businesses to assist with their operating needs;

(ii) \$500,000 is for administration of Launch Minnesota; and

(iii) \$500,000 is for grantee activities at Launch Minnesota.

Subd. 2. **Explore Minnesota.** \$3,425,000 in fiscal year 2025 is appropriated from the general fund to Explore Minnesota. This appropriation is in addition to the amounts appropriated in Laws 2023, chapter 53, and, except as otherwise specified, is onetime. Of this amount:

(1) \$725,000 is for Explore Minnesota Film. The base for this appropriation is \$525,000 in fiscal year 2026 and \$525,000 in fiscal year 2027;

(2) \$300,000 is for Explore Minnesota Film for the film production jobs program under Minnesota Statutes, section 116U.26. The base for this appropriation is \$300,000 in fiscal year 2026 and \$300,000 in fiscal year 2027;

(3) \$400,000 is for a grant to Ka Joog for Somali community and cultural festivals and events, including festivals and events in greater Minnesota;

(4) \$1,000,000 is for a grant to Minnesota Sports and Events for the World Junior Hockey Championships; and

(5) \$1,000,000 is for a grant to 2026 Special Olympics USA Games. This amount is available until June 30, 2027.

Sec. 5. **CANCELLATIONS OF PRIOR APPROPRIATIONS.**

The \$5,000,000 fiscal year 2024 appropriation from the general fund in Laws 2023, chapter 53, article 20, section 2, subdivision 2, paragraph (dd), is canceled.

ARTICLE 2
ECONOMIC DEVELOPMENT POLICY

Section 1. Minnesota Statutes 2022, section 116J.435, subdivision 3, is amended to read:

Subd. 3. **Grant program established.** (a) The commissioner shall make ~~competitive~~ grants to local governmental units to acquire and prepare land on which public infrastructure required to support an eligible project will be located, ~~including demolition of structures and remediation of any hazardous conditions on the land, or to predesign, design, acquire, and to construct, furnish, and equip public infrastructure required to support an eligible project.~~ The local governmental unit receiving a grant must provide for the remainder of the public infrastructure costs from other sources. ~~The commissioner may waive the requirements related to an eligible project under subdivision 2 if a project would be eligible under this section but for the fact that its location requires infrastructure improvements to residential development.~~

(b) The amount of a grant may not exceed ~~the lesser of the cost of the public infrastructure or 50 percent of the sum of the cost of the public infrastructure plus the cost of the completed eligible project.~~

(c) The purpose of the program is to keep or enhance jobs in the area, increase the tax base, or to expand or create new economic development through the growth of new innovative businesses and organizations.

Sec. 2. Minnesota Statutes 2022, section 116J.435, subdivision 4, is amended to read:

Subd. 4. **Application.** (a) The commissioner must develop forms and procedures for soliciting and reviewing applications for grants under this section. At a minimum, a local governmental unit must include ~~the following information~~ in its application a resolution certifying that the money required to be supplied by the local governmental unit to complete the public infrastructure project is available and committed. The commissioner must evaluate complete applications for eligible projects using the following criteria:

~~(1) a resolution of its governing body certifying that the money required to be supplied by the local governmental unit to complete the public infrastructure is available and committed~~ the project is an eligible project as defined under subdivision 2;

~~(2) a detailed estimate, along with necessary supporting evidence, of the total development costs for the public infrastructure and eligible project~~ the project is expected to result in or will attract substantial public and private capital investment and provide substantial economic benefit to the county or city in which the project would be located;

~~(3) an assessment of the potential or likely use of the site for innovative business activities after completion of the public infrastructure and eligible project~~ the project is not relocating substantially the same operation from another location in the state, unless the commissioner determines the project cannot be reasonably accommodated within the county or city in which the business is currently located, or the business would otherwise relocate to another state; and

~~(4) a timeline indicating the major milestones of the public infrastructure and eligible project and their anticipated completion dates;~~ the project is expected to create or retain full-time jobs.

~~(5) a commitment from the governing body to repay the grant if the milestones are not realized by the completion date identified in clause (4); and~~

~~(6) any additional information or material the commissioner prescribes.~~

(b) The determination of whether to make a grant ~~under subdivision 3~~ for a site is within the discretion of the commissioner, subject to this section. The commissioner's decisions and application of the ~~priorities~~ criteria are not subject to judicial review, except for abuse of discretion.

Sec. 3. Minnesota Statutes 2022, section 116J.5492, subdivision 2, is amended to read:

Subd. 2. **Membership.** (a) The advisory committee consists of 18 voting members and eight ex officio nonvoting members.

(b) The voting members of the advisory committee are appointed by the commissioner of employment and economic development, except as specified below:

(1) two members of the senate, one appointed by the majority leader of the senate and one appointed by the minority leader of the senate;

(2) two members of the house of representatives, one appointed by the speaker of the house of representatives and one appointed by the minority leader of the house of representatives;

(3) one representative of the Prairie Island Indian community;

(4) four representatives of impacted communities, of which two must represent counties and two must represent municipalities, and, to the extent possible, of the impacted facilities in those communities, at least one must be a coal plant, at least one must be a nuclear plant, and at least one must be a natural gas plant;

(5) three representatives of impacted workers at impacted facilities;

(6) one representative of impacted workers employed by companies that, under contract, regularly perform construction, maintenance, or repair work at an impacted facility;

(7) one representative with professional economic development or workforce retraining experience;

(8) two representatives of utilities that operate an impacted facility;

(9) one representative from a nonprofit organization with expertise and experience delivering energy efficiency and conservation programs; ~~and~~

(10) one representative of a school district facing revenue loss due to energy transition; and

~~(40)~~ (11) one representative from the Coalition of Utility Cities.

(c) The ex officio nonvoting members of the advisory committee consist of:

- (1) the governor or the governor's designee;
- (2) the commissioner of employment and economic development or the commissioner's designee;
- (3) the commissioner of commerce or the commissioner's designee;
- (4) the commissioner of labor and industry or the commissioner's designee;
- (5) the commissioner of revenue or the commissioner's designee;
- (6) the executive secretary of the Public Utilities Commission or the secretary's designee;
- (7) the commissioner of the Pollution Control Agency or the commissioner's designee; and
- (8) the chancellor of the Minnesota State Colleges and Universities or the chancellor's designee.

Sec. 4. Minnesota Statutes 2023 Supplement, section 116J.682, subdivision 1, is amended to read:

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

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

(c) "Partner organizations" or "partners" means:

- (1) nonprofit organizations or public entities, including higher education institutions, engaged in business development or economic development;
- (2) community development financial institutions; ~~or~~
- (3) community development corporations; and
- (4) Tribal economic development entities.

(d) "Small business" has the meaning given in section 3 of the Small Business Act, United States Code, title 15, section 632.

(e) "Underserved populations and geographies" means individuals who are Black, Indigenous, people of color, veterans, people with disabilities, people who are LGBTQ+, and low-income individuals and includes people from rural Minnesota.

Sec. 5. Minnesota Statutes 2023 Supplement, section 116J.682, subdivision 3, is amended to read:

Subd. 3. **Small business assistance partnerships grants.** (a) The commissioner shall make small business assistance partnerships grants to local and regional community-based organizations to provide small business development and technical assistance services to entrepreneurs and small business owners. The commissioner must prioritize applications that provide services to underserved populations and geographies.

(b) Grantees shall use the grant funds to provide high-quality, free ~~or low-cost~~ professional business development and technical assistance services that support the start-up, growth, and success of Minnesota's entrepreneurs and small business owners.

(c) Grantees may use up to 15 percent of grant funds for expenses incurred while administering the grant, including but not limited to expenses related to technology, utilities, legal services, training, accounting, insurance, financial management, benefits, reporting, servicing of loans, and audits.

Sec. 6. Minnesota Statutes 2023 Supplement, section 116J.8733, is amended to read:

116J.8733 MINNESOTA EXPANDING OPPORTUNITY FUND PROGRAM.

Subdivision 1. **Establishment.** The Minnesota Expanding Opportunity Fund Program is established to capitalize Minnesota nonprofit corporations, Tribal economic development entities, and community development financial institutions to increase lending activities with Minnesota small businesses.

Subd. 2. **Long-term loans.** The department may make long-term loans of ten to 12 years at 0.5 percent or lower interest rates to nonprofit corporations, Tribal economic development entities, and community development financial institutions to enable nonprofit corporations, Tribal economic development entities, and community development financial institutions to make more loans to Minnesota small businesses. The department may use the interest received to offset the cost of administering small business lending programs.

Subd. 3. **Loan eligibility; ~~nonprofit corporation.~~** (a) The eligible nonprofit corporation, Tribal economic development entity, or community development financial institution must not meet the definition of recipient under section 116J.993, subdivision 6.

(b) The commissioner may enter into loan agreements with Minnesota nonprofit corporations, Tribal economic development entities, and community development financial institutions that apply to participate in the Minnesota Expanding Opportunity Fund Program. The commissioner shall evaluate applications from applicant nonprofit corporations, Tribal economic development entities, and community development financial institutions. In evaluating applications, the department must consider, among other things, whether the nonprofit corporation, Tribal economic development entity, or community development financial institution:

(1) meets the statutory definition of a community development financial institution as defined in section 103 of the Riegle Community Development and Regulatory Improvement Act of 1994, United States Code, title 12, section 4702;

(2) has a board of directors or loan or credit committee that includes citizens experienced in small business services and community development;

(3) has the technical skills to analyze small business loan requests;

(4) is familiar with other available public and private funding sources and economic development programs;

(5) is enrolled in one or more eligible federally funded state programs; and

(6) has the administrative capacity to manage a loan portfolio.

Subd. 4. **Revolving loan fund.** (a) The commissioner shall establish a revolving loan fund to make loans to nonprofit corporations, Tribal economic development entities, and community development financial institutions for the purpose of increasing nonprofit corporation, Tribal economic development entity, and community development financial institution capital and lending activities with Minnesota small businesses.

(b) Nonprofit corporations, Tribal economic development entities, and community development financial institutions that receive loans from the commissioner under the program must establish appropriate accounting practices for the purpose of tracking eligible loans.

Subd. 5. **Loan portfolio administration.** (a) The ~~fee or~~ interest rate charged by a nonprofit corporation, Tribal economic development entity, or community development financial institution for a loan under this subdivision must not exceed ~~the Wall Street Journal prime rate plus two~~ ten percent. A nonprofit corporation, Tribal economic development entity, or community development financial institution participating in the Minnesota Expanding Opportunity Fund Program may charge a loan closing fee equal to or less than ~~two~~ one percent of the loan value.

(b) The nonprofit corporation, Tribal economic development entity, or community development financial institution may retain all earnings from fees and interest from loans to small businesses.

(c) The department must provide the nonprofit corporation, Tribal economic development entity, or community development financial institution making the loan with a fee equal to one percent of the loan value for every loan closed to offset related expenses for loan processing, loan servicing, legal filings, and reporting.

Subd. 6. **Cooperation.** A nonprofit corporation, Tribal economic development entity, or community development financial institution that receives a program loan shall cooperate with other organizations, including but not limited to community development corporations, community action agencies, and the Minnesota small business development centers.

Subd. 7. **Reporting requirements.** (a) A nonprofit corporation, Tribal economic development entity, or community development financial institution that receives a program loan must submit an annual report to the commissioner by February 15 of each year that includes:

- (1) the number of businesses to which a loan was made;
- (2) a description of businesses supported by the program;
- (3) demographic information, as specified by the commissioner, regarding each borrower;
- (4) an account of loans made during the calendar year;
- (5) the program's impact on job creation and retention;
- (6) the source and amount of money collected and distributed by the program;
- (7) the program's assets and liabilities; and
- (8) an explanation of administrative expenses.

(b) A nonprofit corporation, Tribal economic development entity, or community development financial institution that receives a program loan must provide for an independent annual audit to be performed in accordance with generally accepted accounting practices and auditing standards and submit a copy of each annual audit report to the commissioner.

Sec. 7. Minnesota Statutes 2023 Supplement, section 116J.8751, is amended by adding a subdivision to read:

Subd. 10. **Expiration.** This section expires June 30, 2027.

Sec. 8. Minnesota Statutes 2022, section 116M.18, is amended to read:

116M.18 MINNESOTA EMERGING ENTREPRENEUR PROGRAM.

Subdivision 1. **Establishment.** The Minnesota emerging entrepreneur program is established to award grants to nonprofit corporations, Tribal economic development entities, and community development financial institutions to fund loans to businesses owned by minority or low-income persons, women, veterans, or people with disabilities.

Subd. 1a. **Statewide loans.** To the extent there is sufficient eligible demand, loans shall be made so that an approximately equal dollar amount of loans are made to businesses in the metropolitan area as in the nonmetropolitan area. After March 31 of each fiscal year, the department may allow loans to be made anywhere in the state without regard to geographic area.

Subd. 1b. **Grants.** The department shall make grants to nonprofit corporations, Tribal economic development entities, and community development financial institutions to fund loans to businesses owned by minority or low-income persons, women, veterans, or people with disabilities to encourage private investment, to provide jobs for minority and low-income persons, to create and strengthen minority business enterprises, and to promote economic development in a low-income area.

Subd. 2. **Grant eligibility; ~~nonprofit corporation.~~** (a) The department may enter into agreements with nonprofit corporations, Tribal economic development entities, and community development financial institutions to fund loans the nonprofit corporation, Tribal economic development entity, or community development financial institution makes to businesses owned by minority or low-income persons, women, veterans, or people with disabilities. The department shall evaluate applications from nonprofit corporations, Tribal economic development entities, and community development financial institutions. In evaluating applications, the department must consider, among other things, whether the nonprofit corporation, Tribal economic development entity, or community development financial institution:

(1) has a board of directors that includes citizens experienced in business and community development, minority business enterprises, addressing racial income disparities, and creating jobs for low-income and minority persons;

(2) has the technical skills to analyze projects;

(3) is familiar with other available public and private funding sources and economic development programs;

(4) can initiate and implement economic development projects;

(5) can establish and administer a revolving loan account or has operated a revolving loan account;

(6) can work with job referral networks which assist minority and low-income persons; and

(7) has established relationships with minority communities.

(b) The department shall review existing agreements with nonprofit corporations, Tribal economic development entities, and community development financial institutions every five years and may renew or terminate the agreement based on the review. In making its review, the department shall consider, among other criteria, the criteria in paragraph (a). The department shall open the program to new applicants every two years.

Subd. 3. **Revolving loan fund.** (a) The department shall establish a revolving loan fund to make grants to nonprofit corporations, Tribal economic development entities, and community development financial institutions for the purpose of making loans to businesses owned by minority or low-income persons, women, veterans, or people with disabilities, and to support minority business enterprises and job creation for minority and low-income persons.

(b) Nonprofit corporations, Tribal economic development entities, and community development financial institutions that receive grants from the department under the program must establish a commissioner-certified revolving loan fund for the purpose of making eligible loans.

(c) Eligible business enterprises include, but are not limited to, technologically innovative industries, value-added manufacturing, and information industries.

(d) Loan applications given preliminary approval by the nonprofit corporation, Tribal economic development entity, or community development financial institution must be forwarded to the department ~~for approval. The commissioner must give final approval for each loan made by the nonprofit corporation.~~ Nonprofit corporations, Tribal economic development entities, and community development financial institutions designated as preferred partners do not need final approval by the commissioner. All other loans must be approved by the commissioner and the commissioner must make approval decisions within 20 days of receiving a loan application unless the application contains insufficient information to make an approval decision. The amount of the state funds contributed to any loan may not exceed 50 percent of each loan. The commissioner must develop the criteria necessary to receive loan forgiveness.

Subd. 4. **Business loan criteria.** (a) The criteria in this subdivision apply to loans made by nonprofit corporations, Tribal economic development entities, and community development financial institutions under the program.

(b) Loans must be made to businesses that are not likely to undertake a project for which loans are sought without assistance from the program.

(c) A loan must be used to support a business owned by a minority or a low-income person, woman, veteran, or a person with disabilities. Priority must be given for loans to the lowest income areas.

(d) The minimum state contribution to a loan is \$5,000 and the maximum is \$150,000.

(e) The state contribution must be matched by at least an equal amount of new private investment.

(f) A loan may not be used for a retail development project.

(g) The business must agree to work with job referral networks that focus on minority and low-income applicants.

(h) Up to ten percent of a loan's principal amount may be forgiven if ~~the department approves and~~ the borrower has met lender and agency criteria, including being current with all payments, for at least two years. The commissioner must develop the criteria for receiving loan forgiveness.

Subd. 4a. **Microenterprise loan.** (a) Program grants may be used to make microenterprise loans to small, beginning businesses, including a sole proprietorship. Microenterprise loans are subject to this section except that:

(1) they may also be made to qualified retail businesses;

(2) they may be made for a minimum of \$5,000 and a maximum of ~~\$35,000~~ \$40,000;

(3) in a low-income area, they may be made for a minimum of \$5,000 and a maximum of ~~\$50,000~~ \$55,000; and

(4) they do not require a match.

(b) Up to ten percent of a loan's principal amount may be forgiven if ~~the department approves and~~ the borrower has met lender criteria, including being current with all payments, for at least two years.

Subd. 5. **Revolving fund administration.** (a) The department shall establish a minimum interest rate or fee for loans or guarantees to ensure that necessary loan administration costs are covered. The interest rate charged by a nonprofit corporation, Tribal economic development entity, or community development financial institution for a loan under this subdivision must not exceed the Wall Street Journal prime rate plus ~~four~~ two percent, with a maximum rate of ten percent. For a loan under this subdivision, the nonprofit corporation, Tribal economic development entity, or community development financial institution may charge a loan origination fee equal to or less than one percent of the loan value. The nonprofit corporation, Tribal economic development entity, or community development financial institution may retain the amount of the origination fee.

(b) Loan repayment of principal must be paid to the department for deposit in the revolving loan fund. Loan interest payments must be deposited in a revolving loan fund created by the nonprofit corporation, Tribal economic development entity, or community development financial institution originating the loan being repaid for further distribution or use, consistent with the criteria of this section.

(c) Administrative expenses of the nonprofit corporations, Tribal economic development entities, and community development financial institutions with whom the department enters into agreements, including expenses incurred by a nonprofit corporation, Tribal economic development entity, or community development financial institution in providing financial, technical, managerial, and marketing assistance to a business enterprise receiving a loan under subdivision 4, may be paid out of the interest earned on loans and out of interest earned on money invested by the state Board of Investment under section 116M.16, subdivision 2, as may be provided by the department.

(d) The department must provide the nonprofit corporation, Tribal economic development entity, or community development financial institution making the loan with a fee equal to one percent of the loan value for every loan closed to offset related expenses for loan processing, loan servicing, legal filings, and reporting.

Subd. 7. **Cooperation.** A nonprofit corporation, Tribal economic development entity, or community development financial institution that receives a program grant shall cooperate with other organizations, including but not limited to, community development corporations, community action agencies, and the Minnesota small business development centers.

Subd. 8. **Reporting requirements.** A nonprofit corporation, Tribal economic development entity, or community development financial institution that receives a program grant shall:

(1) submit an annual report to the department by February 15 of each year that includes a description of businesses supported by the grant program, an account of loans made during the calendar year, the program's impact on minority business enterprises and job creation for minority persons and low-income persons, the source and amount of money collected and distributed by the program, the program's assets and liabilities, and an explanation of administrative expenses; and

(2) provide for an independent annual audit to be performed in accordance with generally accepted accounting practices and auditing standards and submit a copy of each annual audit report to the department.

Subd. 9. **Small business emergency loan account.** The small business emergency loan account is created as an account in the special revenue fund.

Sec. 9. **[116U.255] EXPLORE MINNESOTA FILM.**

Subdivision 1. **Office established; director.** (a) Explore Minnesota Film is established as an office within Explore Minnesota.

(b) The director of Explore Minnesota shall appoint the director of Explore Minnesota Film. The director of Explore Minnesota Film must be qualified by experience with issues related to film and television production and economic development.

(c) The office may employ staff necessary to carry out the duties required in this section.

Subd. 2. **Duties.** The director of Explore Minnesota Film is authorized to:

(1) administer the film production jobs program and the film production credit program;

(2) promote Minnesota as a location for film and television production;

(3) assist in the establishment and implementation of programs related to film and television production, including but not limited to permitting and workforce development;

(4) improve communication among local, state, federal, and private entities regarding film and television production logistics and best practices;

(5) coordinate the development of statewide policies addressing film and television production; and

(6) act as a liaison to production entities, workers, and state agencies.

Sec. 10. Minnesota Statutes 2022, section 116U.26, is amended to read:

116U.26 FILM PRODUCTION JOBS PROGRAM.

(a) The film production jobs program is created. The program shall be operated by ~~the Minnesota Film and TV Board~~ Explore Minnesota Film with administrative oversight and control by the ~~commissioner of employment and economic development~~ director of Explore Minnesota. The program shall make payment to producers of feature films, national television or Internet programs, documentaries, music videos, and commercials that directly create new film jobs in Minnesota. To be eligible for a payment, a producer must submit documentation to ~~the Minnesota Film and TV Board~~ Explore Minnesota Film of expenditures for production costs incurred in Minnesota that are directly attributable to the production in Minnesota of a film product.

~~The Minnesota Film and TV Board~~ Explore Minnesota Film shall make recommendations to the ~~commissioner of employment and economic development~~ director of Explore Minnesota about program payment, but the ~~commissioner~~ director has the authority to make the final determination on payments. The ~~commissioner's~~ director's determination must be based on proper documentation of eligible production costs submitted for payments. No more than five percent of the funds appropriated for the program in any year may be expended for administration, including costs for independent audits and financial reviews of projects.

(b) For the purposes of this section:

(1) "production costs" means the cost of the following:

(i) a story and scenario to be used for a film;

(ii) salaries of talent, management, and labor, including payments to personal services corporations for the services of a performing artist;

(iii) set construction and operations, wardrobe, accessories, and related services;

(iv) photography, sound synchronization, lighting, and related services;

(v) editing and related services;

(vi) rental of facilities and equipment;

(vii) other direct costs of producing the film in accordance with generally accepted entertainment industry practice;

(viii) above-the-line talent fees for nonresident talent; or

(ix) costs incurred during postproduction; and

(2) "film" means a feature film, television or Internet pilot, program, series, documentary, music video, or television commercial, whether on film, video, or digital media. Film does not include news, current events, public programming, or a program that includes weather or market reports; a talk show; a production with respect to a questionnaire or contest; a sports event or sports activity; a gala presentation or awards show; a finished production that solicits funds; or a production for which the production company is required under United States Code, title 18, section 2257, to maintain records with respect to a performer portrayed in a single-media or multimedia program.

(c) Notwithstanding any other law to the contrary, ~~the Minnesota Film and TV Board~~ Explore Minnesota Film may make reimbursements of: (1) up to 25 percent of production costs for films that locate production outside the metropolitan area, as defined in section 473.121, subdivision 2, or that incur a minimum Minnesota expenditure of \$1,000,000 in the metropolitan area within a 12-month period; or (2) up to 20 percent of production costs for films that incur less than \$1,000,000 in Minnesota production costs in the metropolitan area within a 12-month period.

Sec. 11. Minnesota Statutes 2023 Supplement, section 116U.27, subdivision 1, is amended to read:

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

(b) "Allocation certificate" means a certificate issued by the commissioner to a taxpayer upon receipt and approval of an initial application for a credit for a project that has not yet been completed.

(c) "Application" means the application for a credit under subdivision 4.

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

~~(e)~~ (d) "Credit certificate" means a certificate issued by the commissioner upon receipt and approval of the cost verification report in subdivision 4, paragraph (e).

(e) "Director" means the director of Explore Minnesota.

(f) "Eligible production costs" means eligible production costs as defined in section 116U.26, paragraph (b), clause (1), incurred in Minnesota that are directly attributable to the production of a film project in Minnesota.

(g) "Film" has the meaning given in section 116U.26, paragraph (b), clause (2).

(h) "Project" means a film:

(1) that includes the promotion of Minnesota;

(2) for which the taxpayer has expended at least \$1,000,000 in any consecutive 12-month period beginning after expenditures are first paid in Minnesota for eligible production costs; and

(3) to the extent practicable, that employs Minnesota residents.

Television commercials are exempt from the requirement under clause (1).

(i) "Promotion of Minnesota" or "promotion" means visible display of a static or animated logo, approved by the ~~commissioner and lasting approximately five seconds~~ director, that promotes Minnesota within its presentation in the end credits ~~before the below the line crew crawl~~ for the life of the project.

Sec. 12. Minnesota Statutes 2023 Supplement, section 116U.27, subdivision 4, is amended to read:

Subd. 4. **Applications; allocations.** (a) To qualify for a credit under this section, a taxpayer must submit to the ~~commissioner~~ director an application for a credit in the form prescribed by the ~~commissioner~~ director, in consultation with the commissioner of revenue.

(b) Upon approving an application for a credit that meets the requirements of this section, the ~~commissioner~~ director shall issue allocation certificates that:

(1) verify eligibility for the credit;

(2) state the amount of credit anticipated for the eligible project, with the credit amount up to 25 percent of eligible project costs; and

(3) state the taxable year in which the credit is allocated.

~~The commissioner must consult with the Minnesota Film and TV Board prior to issuing an allocation certificate.~~

(c) The ~~commissioner~~ director must not issue allocation certificates for more than \$24,950,000 of credits each year. If the entire amount is not allocated in that taxable year, any remaining amount is available for allocation for the four following taxable years until the entire allocation has been made. The ~~commissioner~~ director must not award any credits for taxable years beginning after December 31, 2030, and any unallocated amounts cancel on that date.

(d) The ~~commissioner~~ director must allocate credits on a first-come, first-served basis.

(e) Upon completion of a project, the taxpayer shall submit to the ~~commissioner~~ director a report prepared by an independent certified public accountant licensed in the state of Minnesota to verify the amount of eligible production costs related to the project. The report must be prepared in accordance with generally accepted accounting principles. Upon receipt and approval of the cost verification report and other documents required by the ~~commissioner~~ director, the ~~commissioner~~ director shall determine the final amount of eligible production costs and issue a credit certificate to the taxpayer. The credit may not exceed the anticipated credit amount on the allocation certificate. If the credit is less than the anticipated amount on the allocation credit, the difference is returned to the amount available for allocation under paragraph (c). To claim the credit under section 290.06, subdivision 39, or 297I.20, subdivision 4, a taxpayer must include a copy of the credit certificate as part of the taxpayer's return.

Sec. 13. Minnesota Statutes 2022, section 116U.27, subdivision 5, is amended to read:

Subd. 5. **Report required.** By January 15, 2025, the commissioner of revenue, in consultation with the ~~commissioner~~ director, must provide a report to the chairs and ranking minority members of the legislative committees with jurisdiction over economic development and taxes. The report must comply with sections 3.195 and 3.197, and must detail the following:

- (1) the amount of credit certifications issued annually;
- (2) the number of applications submitted, the number of allocation certificates issued, the amount of allocation certificates issued, the number of reports submitted upon completion of a project, and the number of credit certificates issued;
- (3) the types of projects eligible for the credit;
- (4) the total economic impact of the credit in Minnesota, including the calendar year over calendar year percentage changes in the number of jobs held by Minnesota residents in businesses having a primary North American Industry Classification System code of 512110 as reported to the commissioner, for calendar years 2019 through 2023;
- (5) the number of taxpayers per tax type which are assignees of credit certificates under subdivision 3;
- (6) annual Minnesota taxes paid by businesses having a primary North American Industry Classification System code of 512110, for taxable years beginning after December 31, 2018, and before January 1, 2024; and
- (7) any other information the commissioner of revenue, in consultation with the ~~commissioner~~ director, deems necessary for purposes of claiming and administering the credit.

Sec. 14. Minnesota Statutes 2022, section 446A.072, subdivision 5a, is amended to read:

Subd. 5a. **Type and amount of assistance.** (a) For a governmental unit receiving grant funding from the USDA/RECD, the authority may provide assistance in the form of a grant of up to 65 percent of the eligible grant need determined by USDA/RECD. A governmental unit may not receive a grant under this paragraph for more than ~~\$5,000,000~~ \$10,000,000 per project or \$20,000 per existing connection, whichever is less, unless specifically approved by law.

(b) For a governmental unit receiving a loan from the clean water revolving fund under section 446A.07, the authority may provide assistance under this section in the form of a grant if the average annual residential wastewater system cost after completion of the project would otherwise exceed 1.4 percent of the median household income of the project service area. In determining whether the average annual residential wastewater system cost would exceed 1.4 percent, the authority must consider the total costs associated with building, operating, and maintaining the wastewater system, including existing wastewater debt service, debt service on the eligible project cost, and operation and maintenance costs. Debt service costs for the proposed project are calculated based on the maximum loan term permitted for the clean water revolving fund loan under section 446A.07, subdivision 7. The amount of the grant is equal to 80 percent of the amount needed to reduce the average annual residential wastewater system cost to 1.4 percent of median household income in the project service area, to a maximum of ~~\$5,000,000~~ \$10,000,000 per project or \$20,000 per existing connection, whichever is less, unless specifically approved by law. The eligible project cost is determined by multiplying the total project costs minus any other grants by the essential project component percentage calculated under subdivision 3, paragraph (c), clause (1). In no case may the amount of the grant exceed 80 percent of the eligible project cost.

(c) For a governmental unit receiving a loan from the drinking water revolving fund under section 446A.081, the authority may provide assistance under this section in the form of a grant if the average annual residential drinking water system cost after completion of the project would otherwise exceed 1.2 percent of the median household income of the project service area. In determining whether the average annual residential drinking water system cost would exceed 1.2 percent, the authority must consider the total costs associated with building, operating, and maintaining the drinking water system, including existing drinking water debt service, debt service on the eligible project cost, and operation and maintenance costs. Debt service costs for the proposed project are calculated based on the maximum loan term permitted for the drinking water revolving fund loan under section 446A.081, subdivision 8, paragraph (c). The amount of the grant is equal to 80 percent of the amount needed to reduce the average annual residential drinking water system cost to 1.2 percent of median household income in the project service area, to a maximum of ~~\$5,000,000~~ \$10,000,000 per project or \$20,000 per existing connection, whichever is less, unless specifically approved by law. The eligible project cost is determined by multiplying the total project costs minus any other grants by the essential project component percentage calculated under subdivision 3, paragraph (c), clause (1). In no case may the amount of the grant exceed 80 percent of the eligible project cost.

(d) Notwithstanding the limits in paragraphs (a), (b), and (c), for a governmental unit receiving supplemental assistance under this section after January 1, 2002, if the authority determines that the governmental unit's construction and installation costs are significantly increased due to geological conditions of crystalline bedrock or karst areas and discharge limits that are more stringent than secondary treatment, the maximum award under this section shall not be more than \$25,000 per existing connection.

Sec. 15. Minnesota Statutes 2022, section 446A.073, subdivision 1, is amended to read:

Subdivision 1. **Program established.** When money is appropriated for grants under this program, the authority shall award grants up to a maximum of ~~\$7,000,000~~ \$12,000,000 to governmental units to cover 80 percent of the cost of water infrastructure projects made necessary by:

(1) a wasteload reduction prescribed under a total maximum daily load plan required by section 303(d) of the federal Clean Water Act, United States Code, title 33, section 1313(d);

(2) a phosphorus concentration or mass limit which requires discharging one milligram per liter or less at permitted design flow which is incorporated into a permit issued by the Pollution Control Agency;

(3) any other water quality-based effluent limit established under section 115.03, subdivision 1, paragraph (e), clause (8), and incorporated into a permit issued by the Pollution Control Agency that exceeds secondary treatment limits; or

(4) a total nitrogen concentration or mass limit that requires discharging ten milligrams per liter or less at permitted design flow.

Sec. 16. Laws 2023, chapter 53, article 15, section 32, subdivision 6, is amended to read:

Subd. 6. **Administrative costs.** The commissioner of employment and economic development may use up to one percent of the appropriation made for this section for administrative expenses of the department. Of this amount, the Northland Foundation may use up to five percent for administrative expenses.

Sec. 17. Laws 2023, chapter 53, article 15, section 33, subdivision 4, is amended to read:

Subd. 4. **Loans to community businesses.** (a) A partner organization that receives a grant under subdivision 3 shall establish a plan for making low-interest loans to community businesses. The plan requires approval by the commissioner.

(b) Under the plan:

(1) the state contribution to each loan shall be no less than \$50,000 and no more than \$500,000;

(2) loans shall be made for projects that are unlikely to be undertaken unless a loan is received under the program;

(3) priority shall be given to loans to businesses in the lowest income areas;

(4) the fee or interest rate on a loan shall not be higher than ~~the Wall Street Journal prime rate~~ ten percent;

(5) 50 percent of all repayments of principal on a loan under the program shall be used to fund additional related lending. The partner organization may retain the remainder of loan repayments to service loans and provide further technical assistance;

(6) the partner organization may charge a loan origination fee of no more than one percent of the loan value and may retain that origination fee; ~~and~~

(7) a partner organization may not make a loan to a project in which it has an ownership interest; and

(8) up to 15 percent of a loan's principal amount may be forgiven by the partner organization if the borrower has met all lending criteria developed by the partner organization and the commissioner, including creating or retaining jobs and being current with all loan payments, for at least two years.

Sec. 18. Laws 2023, chapter 53, article 15, section 33, subdivision 5, is amended to read:

Subd. 5. **Reports.** (a) The partner organization shall submit a report to the commissioner by ~~January~~ December 31 of 2024, 2025, and 2026. The report shall include:

(1) an account of all loans made through the program the preceding calendar year and the impact of those loans on community businesses and job creation for targeted groups;

(2) information on the source and amount of money collected and distributed under the program, its assets and liabilities, and an explanation of administrative expenses; and

(3) an independent audit of grant funds performed in accordance with generally accepted accounting practices and auditing standards.

(b) By February 15 of ~~2024, 2025, and 2026, and 2027,~~ the commissioner shall submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over workforce and economic development on program outcomes, including copies of all reports received under paragraph (a).

Sec. 19. **BROOKLYN PARK BIOTECH INNOVATION DISTRICT.**

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

(b) "Authority" means the Brooklyn Park Economic Development Authority.

(c) "Biotech innovation district" means a geographic area in the city identified in the development plan.

(d) "City" means the city of Brooklyn Park.

(e) "Development plan" means the plan adopted under subdivision 2.

(f) "Project" means a project to implement the development plan.

(g) "Public infrastructure project" means a project financed at least partially with public money to:

(1) acquire or remediate real property, including site improvement;

(2) demolish, repair, or rehabilitate buildings;

(3) install, construct, or reconstruct public infrastructure necessary for the biotech innovation district;

(4) acquire, construct, reconstruct, develop, or equip parking facilities and other transit-related facilities; and

(5) acquire, install, construct, reconstruct, develop, or equip recreational, social, cultural, or tourism facilities.

Subd. 2. **Development plan.** (a) The authority must prepare a plan for the development of a biotech innovation district within the city. At least 60 days prior to a hearing on adopting the proposed development plan, the economic development authority must provide copies of the proposed development plan to the city, which the city must make available to the public in its offices and on the city's website. At least ten days before the hearing, the authority must publish notice of the hearing in a newspaper selected by the city for publication of the notice. At the hearing, the authority may only adopt the plan if it finds that:

(1) the plan provides an outline for the development of the city as a site of biotech innovation;

(2) the plan identifies the location of the proposed biotech innovation district;

(3) the plan is sufficiently complete, including the identification of planned and anticipated projects, to indicate its relationship to definite state and local objectives;

(4) the proposed development affords maximum opportunity, consistent with the needs of the city, county, and state, for the development of the city by private enterprise as a biotech innovation district;

(5) the plan conforms to the general plan for the development of the city and is consistent with the city comprehensive plan;

(6) the city has approved the plan; and

(7) the plan includes:

(i) strategic planning consistent with a biotech innovation district;

(ii) a framework to identify and prioritize short- and long-term public investment and public infrastructure project development and to facilitate private investment and development;

(iii) land use planning;

(iv) multimodal transportation planning;

(v) goals, objectives, and strategies to increase racial equity and to create community wealth for city residents, local businesses, and businesses owned by women and people of color, guided by the city's racial equity principles; and

(vi) ongoing market research plans.

(b) In identifying planned and anticipated projects under paragraph (a), clause (2), the authority must prioritize projects that will pay a wage covering the cost of living for Hennepin County, calculated using the most recent report completed pursuant to Minnesota Statutes, section 116J.013.

(c) The city must adopt the development plan within 60 days following its adoption by the authority and may incorporate the development plan into the city's comprehensive plan. Minnesota Statutes, section 15.99, does not apply to review and approval of the development plan.

(d) The authority may modify the development plan at any time and must modify the plan at least once every five years. To modify the development plan, the authority must follow the same procedures set out in paragraph (a) for the development plan.

(e) When preparing the proposed development plan, the authority must seek input from the community and other partners such as biotech trade associations, the City of Brooklyn Park Planning Commission, the City of Brooklyn Park Community Long-Range Improvement Committee, skilled trades, and other regional partners.

Subd. 3. **Special powers; requirements; limitations.** (a) In implementing the development plan, the city may exercise the powers of a port authority under Minnesota Statutes, sections 469.048 to 469.068.

(b) The city must provide financial and administrative support to the authority and may appropriate city funds to the authority for its work in developing and implementing the development plan.

(c) The city may issue general obligation bonds, revenue bonds, or other obligations to finance the development and implementation of the development project. Debt undertaken pursuant to this paragraph is not subject to the net debt limit in Minnesota Statutes, section 475.53. Approval of the electors is not necessary to issue bonds or other obligations under this paragraph. The city may pledge any of its revenues, including property taxes and state aid issued pursuant to Minnesota Statutes, section 469.47, to the obligations issued pursuant to this paragraph. The city must not issue obligations that are only payable from or secured by state aid issued pursuant to Minnesota Statutes, section 469.47.

(d) Notwithstanding Minnesota Statutes, section 469.068, the city and its authority need not require competitive bidding on a parking facility or other public improvement constructed to implement the development plan.

(e) Except as otherwise specified, all activities to develop and implement the development plan must comply with applicable state law and regulations and city ordinances, zoning, and planning requirements.

Subd. 4. **Report.** Beginning in 2025, by February 15 of each year, the city and authority must submit a joint report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over jobs and economic development. The report must include:

(1) the development plan and any proposed changes to the development plan;

(2) information on the progress of projects identified in the development plan;

(3) costs and financing sources for the costs, including the amount paid with state aid and local contributions of projects completed in the previous two years;

(4) estimated costs and financing sources for projects anticipated to start in the next two years; and

(5) debt service schedules for all outstanding obligations of the city and authority for debt issued for projects identified in the plan.

Sec. 20. **REPEALER.**

Minnesota Statutes 2022, section 116J.435, subdivision 5, is repealed."

Delete the title and insert:

"A bill for an act relating to economic development; making supplemental appropriation changes to programs relating to the Department of Employment and Economic Development and Explore Minnesota; modifying economic development policy; establishing Explore Minnesota Film; creating a Brooklyn Park Biotech Innovation District; appropriating money; amending Minnesota Statutes 2022, sections 116J.435, subdivisions 3, 4; 116J.5492, subdivision 2; 116M.18; 116U.26; 116U.27, subdivision 5; 446A.072, subdivision 5a; 446A.073, subdivision 1; Minnesota Statutes 2023 Supplement, sections 116J.682, subdivisions 1, 3; 116J.8733; 116J.8751, by adding a subdivision; 116U.27, subdivisions 1, 4; Laws 2023, chapter 53, article 15, sections 32, subdivision 6; 33, subdivisions 4, 5; article 20, sections 2, subdivisions 1, 2; 3; proposing coding for new law in Minnesota Statutes, chapter 116U; repealing Minnesota Statutes 2022, section 116J.435, subdivision 5."

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

The report was adopted.

Vang from the Committee on Agriculture Finance and Policy to which was referred:

H. F. No. 3763, A bill for an act relating to agriculture; increasing base funding for the agricultural growth, research, and innovation program; amending Laws 2023, chapter 43, article 1, section 2, subdivision 4.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
AGRICULTURE APPROPRIATIONS

Section 1. Laws 2023, chapter 43, article 1, section 2, is amended to read:

Sec. 2. **DEPARTMENT OF AGRICULTURE**

Subdivision 1. Total Appropriation	\$ 92,025,000	\$ 72,223,000
	<u>88,025,000</u>	<u>80,518,000</u>

Appropriations by Fund

	2024	2025
General	91,626,000	71,824,000
	<u>87,626,000</u>	<u>80,119,000</u>
Remediation	399,000	399,000

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

Subd. 2. **Protection Services**

Appropriations by Fund

	2024	2025
General	32,034,000	18,743,000
	<u>32,034,000</u>	<u>22,438,000</u>
Remediation	399,000	399,000

(a) \$399,000 the first year and \$399,000 the second year are from the remediation fund for administrative funding for the voluntary cleanup program.

(b) \$625,000 the first year and ~~\$625,000~~ \$925,000 the second year are for the soil health financial assistance program under Minnesota Statutes, section 17.134. The commissioner may award no more than \$50,000 of the appropriation each year to a single recipient. The commissioner may use up to 6.5 percent of this appropriation for costs incurred to administer the program. Any unencumbered balance does not cancel at the end of the first year and is available in the second year. Appropriations encumbered under contract on or before June 30, 2025, for soil health financial assistance grants are available until June 30, 2027. The base for this appropriation is \$639,000 in fiscal year 2026 and each year thereafter.

(c) \$800,000 the first year ~~is~~ and \$100,000 the second year are for transfer to the pollinator research account established under Minnesota Statutes, section 18B.051. The base for this transfer is \$100,000 in fiscal year 2026 and each year thereafter.

(d) \$150,000 the first year and \$150,000 the second year are for transfer to the noxious weed and invasive plant species assistance account established under Minnesota Statutes, section 18.89, to award grants under Minnesota Statutes, section 18.90, to counties, municipalities, and other weed management entities, including Minnesota Tribal governments as defined in Minnesota Statutes, section 10.65. This is a onetime appropriation.

(e) \$175,000 the first year and \$175,000 the second year are for compensation for destroyed or crippled livestock under Minnesota Statutes, section 3.737. The first year appropriation may be spent to compensate for livestock that were destroyed or crippled during fiscal year 2023. If the amount in the first year is insufficient, the amount in the second year is available in the first year. The commissioner may use up to \$5,000 each year to reimburse expenses incurred by university extension educators to provide fair market values of destroyed or crippled livestock. If the commissioner receives federal dollars to pay claims for destroyed or crippled livestock, an equivalent amount of this appropriation may be used to reimburse nonlethal prevention methods performed by federal wildlife services staff.

(f) \$155,000 the first year and \$155,000 the second year are for compensation for crop damage under Minnesota Statutes, section 3.7371. If the amount in the first year is insufficient, the amount in the second year is available in the first year. The commissioner may use up to \$10,000 of the appropriation each year to reimburse expenses incurred by the commissioner or the commissioner's approved agent to investigate and resolve claims, as well as for costs associated with training for approved agents. The commissioner may use up to \$40,000 of the appropriation each year to make grants to producers for measures to protect stored crops from elk damage. If the commissioner determines that claims made under Minnesota Statutes, section 3.737 or 3.7371, are unusually high, amounts appropriated for either program may be transferred to the appropriation for the other program.

(g) \$825,000 the first year and \$825,000 the second year are to replace capital equipment in the Department of Agriculture's analytical laboratory.

(h) \$75,000 the first year and \$75,000 the second year are to support a meat processing liaison position to assist new or existing meat and poultry processing operations in getting started, expanding, growing, or transitioning into new business models.

(i) \$2,200,000 the first year and \$1,650,000 the second year are additional funding to maintain the current level of service delivery for programs under this subdivision. The base for this appropriation is \$1,925,000 for fiscal year 2026 and each year thereafter.

(j) \$250,000 the first year and \$250,000 the second year are for grants to organizations in Minnesota to develop enterprises, supply chains, and markets for continuous-living cover crops and cropping systems in the early stages of commercial development. For the purposes of this paragraph, "continuous-living cover crops and cropping systems" refers to agroforestry, perennial biomass, perennial forage, perennial grains, and winter-annual cereal grains and oilseeds that have market value as harvested or grazed commodities. By February 1 each year, the commissioner must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture finance and policy detailing uses of the funds in this paragraph, including administrative costs, and the achievements these funds contributed to. The commissioner may use up to 6.5 percent of this appropriation for administrative costs. This is a onetime appropriation.

(k) \$45,000 the first year and \$45,000 the second year are appropriated for wolf-livestock conflict-prevention grants. The commissioner may use some of this appropriation to support nonlethal prevention work performed by federal wildlife services. This is a onetime appropriation.

(l) \$10,000,000 the first year is for transfer to the grain indemnity account established in Minnesota Statutes, section 223.24. This is a onetime transfer.

(m) \$125,000 the first year and \$125,000 the second year are for the PFAS in pesticides review. This is a onetime appropriation.

(n) \$1,941,000 the first year is for transfer to the food handler license account. This is a onetime transfer.

(o) \$3,072,000 the second year is for nitrate home water treatment, including reverse osmosis, for private drinking-water wells with nitrate in excess of the maximum contaminant level of ten milligrams per liter and located in Dodge, Fillmore, Goodhue, Houston, Mower, Olmsted, Wabasha, or Winona County. The commissioner must prioritize households at or below 300 percent of the federal poverty guideline and households with infants or pregnant individuals. The commissioner may also use this appropriation for education, outreach, and technical assistance to homeowners. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner may use up to 6.5 percent of this appropriation for administrative costs. This is a onetime appropriation and is available until June 30, 2027.

(p) \$223,000 the second year is for transfer to the commissioner of health for the private well drinking-water assistance program. This is a onetime transfer and is available until June 30, 2027.

Subd. 3. Agricultural Marketing and Development

5,165,000

4,985,000

(a) \$150,000 the first year and \$150,000 the second year are to expand international trade opportunities and markets for Minnesota agricultural products.

(b) \$186,000 the first year and \$186,000 the second year are for transfer to the Minnesota grown account and may be used as grants for Minnesota grown promotion under Minnesota Statutes, section 17.102. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2025, for Minnesota grown grants in this paragraph are available until June 30, 2027.

(c) \$634,000 the first year and \$634,000 the second year are for the continuation of the dairy development and profitability enhancement programs, including dairy profitability teams and dairy business planning grants under Minnesota Statutes, section 32D.30.

(d) The commissioner may use funds appropriated in this subdivision for annual cost-share payments to resident farmers or entities that sell, process, or package agricultural products in this state for the costs of organic certification. The commissioner may allocate these funds for assistance to persons transitioning from conventional to organic agriculture.

(e) \$600,000 the first year and \$420,000 the second year are to maintain the current level of service delivery. The base for this appropriation is ~~\$490,000~~ \$510,000 for fiscal year 2026 and each year thereafter.

(f) \$100,000 the first year and \$100,000 the second year are for mental health outreach and support to farmers, ranchers, and others in the agricultural community and for farm safety grant and outreach programs under Minnesota Statutes, section 17.1195. Mental health outreach and support may include a 24-hour hotline, stigma reduction, and education. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available in the second year. This is a onetime appropriation.

(g) \$100,000 the first year and \$100,000 the second year are to award and administer grants ~~for infrastructure~~ and other forms of financial assistance to support EBT, SNAP, SFMNP, and related programs at farmers markets. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available in the second year. This is a onetime appropriation.

(h) \$200,000 the first year and \$200,000 the second year are to award cooperative grants under Minnesota Statutes, section 17.1016. The commissioner may use up to 6.5 percent of the appropriation each year to administer the grant program. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available in the second year. This is a onetime appropriation.

Subd. 4. **Agriculture, Bioenergy, and Bioproduct Advancement**

~~37,809,000~~
33,809,000

~~33,809,000~~
38,109,000

(a) \$10,702,000 the first year and \$10,702,000 the second year are for the agriculture research, education, extension, and technology transfer program under Minnesota Statutes, section 41A.14. Except as provided below, the appropriation each year is for transfer to the agriculture research, education, extension, and technology transfer account under Minnesota Statutes, section 41A.14, subdivision 3, and the commissioner shall transfer funds each year to the Board of Regents of the University of Minnesota for purposes of Minnesota Statutes, section 41A.14. To the extent

practicable, money expended under Minnesota Statutes, section 41A.14, subdivision 1, clauses (1) and (2), must supplement and not supplant existing sources and levels of funding. The commissioner may use up to one percent of this appropriation for costs incurred to administer the program.

Of the amount appropriated for the agriculture research, education, extension, and technology transfer grant program under Minnesota Statutes, section 41A.14:

(1) \$600,000 the first year and \$600,000 the second year are for the Minnesota Agricultural Experiment Station's agriculture rapid response fund under Minnesota Statutes, section 41A.14, subdivision 1, clause (2);

(2) up to \$1,000,000 the first year and up to \$1,000,000 the second year are for research on avian influenza, salmonella, and other turkey-related diseases and disease prevention measures;

(3) \$2,250,000 the first year and \$2,250,000 the second year are for grants to the Minnesota Agricultural Education Leadership Council to enhance agricultural education with priority given to Farm Business Management challenge grants;

(4) \$450,000 the first year is for the cultivated wild rice breeding project at the North Central Research and Outreach Center to include a tenure track/research associate plant breeder;

(5) \$350,000 the first year and \$350,000 the second year are for potato breeding;

(6) \$802,000 the first year and \$802,000 the second year are to fund the Forever Green Initiative and protect the state's natural resources while increasing the efficiency, profitability, and productivity of Minnesota farmers by incorporating perennial and winter-annual crops into existing agricultural practices. The base for the allocation under this clause is \$802,000 in fiscal year 2026 and each year thereafter. By February 1 each year, the dean of the College of Food, Agricultural and Natural Resource Sciences must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture finance and policy and higher education detailing uses of the funds in this paragraph, including administrative costs, and the achievements these funds contributed to; and

(7) \$350,000 each year is for farm-scale winter greenhouse research and development coordinated by University of Minnesota Extension Regional Sustainable Development Partnerships. The allocation in this clause is onetime.

(b) The base for the agriculture research, education, extension, and technology transfer program is \$10,352,000 in fiscal year 2026 and \$10,352,000 in fiscal year 2027.

(c) ~~\$27,107,000~~ \$23,107,000 the first year ~~and \$23,107,000 the second year are~~ is for the agricultural growth, research, and innovation program under Minnesota Statutes, section 41A.12. Except as provided below, the commissioner may allocate this appropriation ~~each year~~ among the following areas: facilitating the start-up, modernization, improvement, or expansion of livestock operations, including beginning and transitioning livestock operations with preference given to robotic dairy-milking equipment; assisting value-added agricultural businesses to begin or expand, to access new markets, or to diversify, including aquaponics systems, with preference given to hemp fiber processing equipment; facilitating the start-up, modernization, or expansion of other beginning and transitioning farms, including by providing loans under Minnesota Statutes, section 41B.056; sustainable agriculture on-farm research and demonstration; the development or expansion of food hubs and other alternative community-based food distribution systems; enhancing renewable energy infrastructure and use; crop research, including basic and applied turf seed research; Farm Business Management tuition assistance; and good agricultural practices and good handling practices certification assistance. The commissioner may use up to 6.5 percent of this appropriation for costs incurred to administer the program.

Of the amount appropriated for the agricultural growth, research, and innovation program under Minnesota Statutes, section 41A.12:

(1) ~~\$1,000,000 the first year and \$1,000,000 the second year are~~ is for distribution in equal amounts to each of the state's county fairs to preserve and promote Minnesota agriculture;

(2) ~~\$5,750,000 the first year and \$5,750,000 the second year are~~ is for incentive payments under Minnesota Statutes, sections 41A.16, 41A.17, 41A.18, and 41A.20. Notwithstanding Minnesota Statutes, section 16A.28, the first year appropriation is available until June 30, 2025, ~~and the second year appropriation is available until June 30, 2026.~~ If this appropriation exceeds the total amount for which all producers are eligible in a fiscal year, the balance of the appropriation is available for other purposes under this paragraph. ~~The base under this clause is \$3,000,000 in fiscal year 2026 and each year thereafter;~~

(3) ~~\$3,375,000 the first year and \$3,375,000 the second year are~~ is for grants that enable retail petroleum dispensers, fuel storage tanks, and other equipment to dispense biofuels to the public in accordance with the biofuel replacement goals established under Minnesota Statutes, section 239.7911. A retail petroleum

dispenser selling petroleum for use in spark ignition engines for vehicle model years after 2000 is eligible for grant money under this clause if the retail petroleum dispenser has no more than 10 retail petroleum dispensing sites and each site is located in Minnesota. The grant money must be used to replace or upgrade equipment that does not have the ability to be certified for E25. A grant award must not exceed 65 percent of the cost of the appropriate technology. A grant award must not exceed \$200,000 per station. The commissioner must cooperate with biofuel stakeholders in the implementation of the grant program. The commissioner, in cooperation with any economic or community development financial institution and any other entity with which the commissioner contracts, must submit a report on the biofuels infrastructure financial assistance program by January 15 of each year to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture policy and finance. The annual report must include but not be limited to a summary of the following metrics: (i) the number and types of projects financed; (ii) the amount of dollars leveraged or matched per project; (iii) the geographic distribution of financed projects; (iv) any market expansion associated with upgraded infrastructure; (v) the demographics of the areas served; (vi) the costs of the program; and (vii) the number of grants to minority-owned or female-owned businesses. ~~The base under this clause is \$3,000,000 for fiscal year 2026 and each year thereafter;~~

(4) ~~\$1,250,000 the first year and \$1,250,000 the second year are~~ is for grants to facilitate the start-up, modernization, or expansion of meat, poultry, egg, and milk processing facilities. A grant award under this clause must not exceed \$200,000. Any unencumbered balance at the end of the second year does not cancel until June 30, 2026, and may be used for other purposes under this paragraph. ~~The base under this clause is \$250,000 in fiscal year 2026 and each year thereafter;~~

(5) ~~\$1,150,000 the first year and \$1,150,000 the second year are~~ is for providing more fruits, vegetables, meat, poultry, grain, and dairy for children in school and early childhood education ~~centers settings~~, including, at the commissioner's discretion, providing grants to reimburse schools and early childhood education ~~centers and child care providers~~ for purchasing equipment and agricultural products. Organizations must participate in the National School Lunch Program or the Child and Adult Care Food Program to be eligible. Of the amount appropriated, \$150,000 ~~each year~~ is for a statewide coordinator of farm-to-institution strategy and programming. The coordinator must consult with relevant stakeholders and provide technical assistance and training for participating farmers and eligible grant recipients. ~~The base under this clause is \$1,294,000 in fiscal year 2026 and each year thereafter;~~

~~(6) \$4,000,000 the first year is for Dairy Assistance, Investment, Relief Initiative (DAIRI) grants and other forms of financial assistance to Minnesota dairy farms that enroll in coverage under a federal dairy risk protection program and produced no more than 16,000,000 pounds of milk in 2022. The commissioner must make DAIRI payments based on the amount of milk produced in 2022, up to 5,000,000 pounds per participating farm, at a rate determined by the commissioner within the limits of available funding. Any unencumbered balance does not cancel at the end of the first year and is available in the second year. Any unencumbered balance at the end of the second year does not cancel until June 30, 2026, and may be used for other purposes under this paragraph. The allocation in this clause is onetime;~~

(7) ~~(6)~~ \$2,000,000 the first year ~~and \$2,000,000 the second year~~ are is for urban youth agricultural education or urban agriculture community development; and

~~(8) (7)~~ \$1,000,000 the first year ~~and \$1,000,000 the second year~~ are is for the good food access program under Minnesota Statutes, section 17.1017.

Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available for the second year, and appropriations encumbered under contract on or before June 30, 2025, for agricultural growth, research, and innovation grants are available until June 30, 2028.

(d) \$27,407,000 the second year is for the agricultural growth, research, and innovation program under Minnesota Statutes, section 41A.12. Except as provided below, the commissioner may allocate this appropriation among the following areas: facilitating the start-up, modernization, improvement, or expansion of livestock operations, including beginning and transitioning livestock operations with preference given to robotic dairy-milking equipment; assisting value-added agricultural businesses to begin or expand, to access new markets, or to diversify, including aquaponics systems, with preference given to hemp fiber processing equipment; facilitating the start-up, modernization, or expansion of other beginning and transitioning farms, including by providing loans under Minnesota Statutes, section 41B.056; sustainable agriculture on-farm research and demonstration; the development or expansion of food hubs and other alternative community-based food distribution systems; enhancing renewable energy infrastructure and use; crop research, including basic and applied turf seed research; Farm Business Management tuition assistance; and good agricultural practices and good handling practices certification assistance. The commissioner may use up to 6.5 percent of this appropriation for costs incurred to administer the program.

Of the amount appropriated for the agricultural growth, research, and innovation program under Minnesota Statutes, section 41A.12:

(1) \$1,000,000 the second year is for distribution in equal amounts to each of the state's county fairs to preserve and promote Minnesota agriculture;

(2) \$5,750,000 the second year is for incentive payments under Minnesota Statutes, sections 41A.16, 41A.17, 41A.18, and 41A.20. Notwithstanding Minnesota Statutes, section 16A.28, this appropriation is available until June 30, 2027. If this appropriation exceeds the total amount for which all producers are eligible in a fiscal year, the balance of the appropriation is available for other purposes under this paragraph. The base under this clause is \$3,000,000 in fiscal year 2026 and each year thereafter;

(3) \$3,475,000 the second year is for grants that enable retail petroleum dispensers, fuel storage tanks, and other equipment to dispense biofuels to the public in accordance with the biofuel replacement goals established under Minnesota Statutes, section 239.7911. A retail petroleum dispenser selling petroleum for use in spark ignition engines for vehicle model years after 2000 is eligible for grant money under this clause if the retail petroleum dispenser has no more than ten retail petroleum dispensing sites and each site is located in Minnesota. The grant money must be used to replace or upgrade equipment that does not have the ability to be certified for E25. A grant award must not exceed 65 percent of the cost of the appropriate technology. A grant award must not exceed \$200,000 per station. The commissioner must cooperate with biofuel stakeholders in the implementation of the grant program. The commissioner, in cooperation with any economic or community development financial institution and any other entity with which the commissioner contracts, must submit a report on the biofuels infrastructure financial assistance program by January 15 of each year to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture policy and finance. The annual report must include but not be limited to a summary of the following metrics: (i) the number and types of projects financed; (ii) the amount of money leveraged or matched per project; (iii) the geographic distribution of financed projects; (iv) any market expansion associated with upgraded infrastructure; (v) the demographics of the areas served; (vi) the costs of the program; and (vii) the number of grants to minority-owned or female-owned businesses. The base under this clause is \$3,000,000 for fiscal year 2026 and each year thereafter;

(4) \$1,250,000 the second year is for grants to facilitate the start-up, modernization, or expansion of meat, poultry, egg, and milk processing facilities. A grant award under this clause must not exceed \$200,000. Any unencumbered balance at the end of the second year does not cancel until June 30, 2027, and may be used for other purposes under this paragraph. The base under this clause is \$250,000 in fiscal year 2026 and each year thereafter;

(5) \$1,350,000 the second year is for providing more fruits, vegetables, meat, poultry, grain, and dairy for children in school and early childhood education settings, including, at the commissioner's discretion, providing grants to reimburse schools and early childhood education and child care providers for purchasing equipment and agricultural products. Organizations must participate in the National School Lunch Program or the Child and Adult Care Food Program to be eligible. Of the amount appropriated, \$150,000 is for a statewide coordinator of farm-to-institution strategy and programming. The coordinator must consult with relevant stakeholders and provide technical assistance and training for participating farmers and eligible grant recipients. The base under this clause is \$1,294,000 in fiscal year 2026 and each year thereafter;

(6) \$4,000,000 the second year is for Dairy Assistance, Investment, Relief Initiative (DAIRI) grants and other forms of financial assistance to Minnesota dairy farms that enroll in coverage under a federal dairy risk protection program and produced no more than 16,000,000 pounds of milk in 2022. The commissioner must make DAIRI payments based on the amount of milk produced in 2022, up to 5,000,000 pounds per participating farm, at a rate determined by the commissioner within the limits of available funding. Any unencumbered balance on June 30, 2026, may be used for other purposes under this paragraph. The allocation in this clause is onetime;

(7) \$2,000,000 the second year is for urban youth agricultural education or urban agriculture community development; and

(8) \$1,000,000 the second year is for the good food access program under Minnesota Statutes, section 17.1017.

Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the second year and is available until June 30, 2027. Appropriations encumbered under contract on or before June 30, 2027, for agricultural growth, research, and innovation grants are available until June 30, 2030.

~~(d)~~ (e) The base for the agricultural growth, research, and innovation program is ~~\$16,294,000~~ \$17,582,000 in fiscal year 2026 and each year thereafter and includes \$200,000 each year for cooperative development grants.

Subd. 5. Administration and Financial Assistance

16,618,000

~~14,287,000~~
14,587,000

(a) \$474,000 the first year and \$474,000 the second year are for payments to county and district agricultural societies and associations under Minnesota Statutes, section 38.02, subdivision

1. Aid payments to county and district agricultural societies and associations must be disbursed no later than July 15 of each year. These payments are the amount of aid from the state for an annual fair held in the previous calendar year.

(b) \$350,000 the first year and \$350,000 the second year are for grants to the Minnesota Agricultural Education and Leadership Council for programs of the council under Minnesota Statutes, chapter 41D. The base for this appropriation is \$250,000 in fiscal year 2026 and each year thereafter.

(c) \$2,000 the first year is for a grant to the Minnesota State Poultry Association. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available for the second year.

(d) \$18,000 the first year and \$18,000 the second year are for grants to the Minnesota Livestock Breeders Association. This is a onetime appropriation.

(e) \$60,000 the first year and \$60,000 the second year are for grants to the Northern Crops Institute that may be used to purchase equipment. This is a onetime appropriation.

(f) \$34,000 the first year and \$34,000 the second year are for grants to the Minnesota State Horticultural Society. This is a onetime appropriation.

(g) \$25,000 the first year and \$25,000 the second year are for grants to the Center for Rural Policy and Development. This is a onetime appropriation.

(h) \$75,000 the first year and \$75,000 the second year are appropriated from the general fund to the commissioner of agriculture for grants to the Minnesota Turf Seed Council for basic and applied research on: (1) the improved production of forage and turf seed related to new and improved varieties; and (2) native plants, including plant breeding, nutrient management, pest management, disease management, yield, and viability. The Minnesota Turf Seed Council may subcontract with a qualified third party for some or all of the basic or applied research. Any unencumbered balance does not cancel at the end of the first year and is available in the second year. The Minnesota Turf Seed Council must prepare a report outlining the use of the grant money and related accomplishments. No later than January 15, 2025, the council must submit the report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture finance and policy. This is a onetime appropriation.

(i) \$100,000 the first year and \$100,000 the second year are for grants to GreenSeam for assistance to agriculture-related businesses to support business retention and development, business attraction and creation, talent development and attraction, and regional branding and promotion. These are onetime appropriations. No later than December 1, 2024, and December 1, 2025, GreenSeam must report to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture and rural development with information on new and existing businesses supported, number of new jobs created in the region, new educational partnerships and programs supported, and regional branding and promotional efforts.

(j) \$1,950,000 the first year and \$1,950,000 the second year are for grants to Second Harvest Heartland on behalf of Minnesota's six Feeding America food banks for the following purposes:

(1) at least \$850,000 each year must be allocated to purchase milk for distribution to Minnesota's food shelves and other charitable organizations that are eligible to receive food from the food banks. Milk purchased under the grants must be acquired from Minnesota milk processors and based on low-cost bids. The milk must be allocated to each Feeding America food bank serving Minnesota according to the formula used in the distribution of United States Department of Agriculture commodities under The Emergency Food Assistance Program. Second Harvest Heartland may enter into contracts or agreements with food banks for shared funding or reimbursement of the direct purchase of milk. Each food bank that receives funding under this clause may use up to two percent for administrative expenses. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance the first year does not cancel and is available the second year;

(2) to compensate agricultural producers and processors for costs incurred to harvest and package for transfer surplus fruits, vegetables, and other agricultural commodities that would otherwise go unharvested, be discarded, or be sold in a secondary market. Surplus commodities must be distributed statewide to food shelves and other charitable organizations that are eligible to receive food from the food banks. Surplus food acquired under this clause must be from Minnesota producers and processors. Second Harvest Heartland may use up to 15 percent of each grant awarded under this clause for administrative and transportation expenses; and

(3) to purchase and distribute protein products, including but not limited to pork, poultry, beef, dry legumes, cheese, and eggs to Minnesota's food shelves and other charitable organizations that are eligible to receive food from the food banks. Second Harvest Heartland may use up to two percent of each grant awarded under this clause for administrative expenses. Protein products purchased under the grants must be acquired from Minnesota processors and producers.

Second Harvest Heartland must submit quarterly reports to the commissioner and the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture finance in the form prescribed by the commissioner. The reports must include but are not limited to information on the expenditure of funds, the amount of milk or other commodities purchased, and the organizations to which this food was distributed. The base for this appropriation is \$1,700,000 for fiscal year 2026 and each year thereafter.

(k) \$25,000 the first year and \$25,000 the second year are for grants to the Southern Minnesota Initiative Foundation to promote local foods through an annual event that raises public awareness of local foods and connects local food producers and processors with potential buyers.

(l) \$300,000 the first year and \$300,000 the second year are for grants to The Good Acre for the Local Emergency Assistance Farmer Fund (LEAFF) program to compensate ~~emerging~~ emerging farmers experiencing limited land access or limited market access for crops donated to hunger relief organizations in Minnesota. For purposes of this paragraph, "limited land access" and "limited market access" have the meanings given in Minnesota Statutes, section 17.133, subdivision 1. This is a onetime appropriation.

(m) \$750,000 the first year and \$750,000 the second year are to expand the Emerging Farmers Office and provide services to beginning and emerging farmers to increase connections between farmers and market opportunities throughout the state. This appropriation may be used for grants, translation services, training programs, or other purposes in line with the recommendations of the Emerging Farmer Working Group established under Minnesota Statutes, section 17.055, subdivision 1. The base for this appropriation is \$1,000,000 in fiscal year 2026 and each year thereafter.

(n) \$50,000 the first year is to provide technical assistance and leadership in the development of a comprehensive and well-documented state aquaculture plan. The commissioner must provide the state aquaculture plan to the legislative committees with jurisdiction over agriculture finance and policy by February 15, 2025.

(o) \$337,000 the first year and \$337,000 the second year are for farm advocate services. Of these amounts, \$50,000 the first year and \$50,000 the second year are for the continuation of the farmland transition programs and may be used for grants to farmland access teams to provide technical assistance to potential beginning farmers. Farmland access teams must assist existing farmers and beginning farmers with transitioning farm ownership

and farm operation. Services provided by teams may include but are not limited to mediation assistance, designing contracts, financial planning, tax preparation, estate planning, and housing assistance.

(p) \$260,000 the first year and \$260,000 the second year are for a pass-through grant to Region Five Development Commission to provide, in collaboration with Farm Business Management, statewide mental health counseling support to Minnesota farm operators, families, and employees, and individuals who work with Minnesota farmers in a professional capacity. Region Five Development Commission may use up to 6.5 percent of the grant awarded under this paragraph for administration.

(q) \$1,000,000 the first year is for transfer to the agricultural emergency account established under Minnesota Statutes, section 17.041.

(r) \$1,084,000 the first year and \$500,000 the second year are to support IT modernization efforts, including laying the technology foundations needed for improving customer interactions with the department for licensing and payments. This is a onetime appropriation.

(s) \$275,000 the first year is for technical assistance grants to certified community development financial institutions that participate in United States Department of Agriculture loan or grant programs for small farmers or ~~emerging~~ farmers experiencing limited land access or limited market access, including but not limited to the Increasing Land, Capital, and Market Access Program. For purposes of this paragraph, ~~"emerging farmer"~~ has "limited land access" and "limited market access" have the meaning meanings given in Minnesota Statutes, ~~section 17.055, subdivision 1~~ section 17.133, subdivision 1. The commissioner may use up to 6.5 percent of this appropriation for costs incurred to administer the program. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available in the second year. This is a onetime appropriation.

(t) \$1,425,000 the first year and \$1,425,000 the second year are for transfer to the agricultural and environmental revolving loan account established under Minnesota Statutes, section 17.117, subdivision 5a, for low-interest loans under Minnesota Statutes, section 17.117.

(u) \$150,000 the first year and \$150,000 the second year are for administrative support for the Rural Finance Authority.

(v) The base in fiscal years 2026 and 2027 is \$150,000 each year to coordinate climate-related activities and services within the Department of Agriculture and counterparts in local, state, and federal agencies and to hire a full-time climate implementation coordinator. The climate implementation coordinator must coordinate efforts seeking federal funding for Minnesota's agricultural climate adaptation and mitigation efforts and develop strategic partnerships with the private sector and nongovernment organizations.

(w) \$1,200,000 the first year and \$930,000 the second year are to maintain the current level of service delivery. The base for this appropriation is ~~\$1,085,000~~ \$1,065,000 in fiscal year 2026 and ~~\$1,085,000~~ \$1,065,000 in fiscal year 2027 and each year thereafter.

(x) \$250,000 the first year is for a grant to the Board of Regents of the University of Minnesota to purchase equipment for the Veterinary Diagnostic Laboratory to test for chronic wasting disease, African swine fever, avian influenza, and other animal diseases. The Veterinary Diagnostic Laboratory must report expenditures under this paragraph to the legislative committees with jurisdiction over agriculture finance and higher education with a report submitted by January 3, 2024, and a final report submitted by December 31, 2024. The reports must include a list of equipment purchased, including the cost of each item.

(y) \$1,000,000 the first year and \$1,000,000 the second year are to award and administer down payment assistance grants under Minnesota Statutes, section 17.133, with priority given to ~~emerging farmers as defined in Minnesota Statutes, section 17.055, subdivision 4~~ eligible applicants with no more than \$100,000 in annual gross farm product sales and eligible applicants who are producers of industrial hemp, cannabis, or one or more of the following specialty crops as defined by the United States Department of Agriculture for purposes of the specialty crop block grant program: fruits and vegetables, tree nuts, dried fruits, medicinal plants, culinary herbs and spices, horticulture crops, floriculture crops, and nursery crops. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance at the end of the first year does not cancel and is available in the second year and appropriations encumbered under contract by June 30, 2025, are available until June 30, 2027.

(z) \$222,000 the first year and \$322,000 the second year are for meat processing training and retention incentive grants under section 5. The commissioner may use up to 6.5 percent of this appropriation for costs incurred to administer the program. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available in the second year. This is a onetime appropriation.

(aa) \$300,000 the first year and \$300,000 the second year are for transfer to the Board of Regents of the University of Minnesota to evaluate, propagate, and maintain the genetic diversity of oilseeds, grains, grasses, legumes, and other plants including flax, timothy, barley, rye, triticale, alfalfa, orchard grass, clover, and other species and varieties that were in commercial distribution and use in Minnesota before 1970, excluding wild rice. This effort must also protect traditional seeds brought to Minnesota by immigrant communities. This appropriation includes funding for associated extension and outreach to small and Black, Indigenous, and People of Color (BIPOC) farmers. This is a onetime appropriation.

(bb) \$300,000 the second year is to award and administer beginning farmer equipment and infrastructure grants under Minnesota Statutes, section 17.055. This is a onetime appropriation.

~~(bb)~~ (cc) The commissioner shall continue to increase connections with ethnic minority and immigrant farmers to farming opportunities and farming programs throughout the state.

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

Sec. 2. Laws 2023, chapter 43, article 1, section 4, is amended to read:

Sec. 4. AGRICULTURAL UTILIZATION RESEARCH INSTITUTE	\$ 6,143,000	\$4,343,000
	<u>6,393,000</u>	

(a) \$300,000 the first year is for equipment upgrades, equipment replacement, installation expenses, and laboratory infrastructure at the Agricultural Utilization Research Institute's laboratories in the cities of Crookston, Marshall, and Waseca.

(b) \$1,500,000 the first year is to replace analytical and processing equipment and make corresponding facility upgrades at Agricultural Utilization Research Institute facilities in the cities of Marshall, Crookston, and Waseca. Of this amount, up to \$500,000 may be used for renewable natural gas and anaerobic digestion projects. This is a onetime appropriation and is available until June 30, 2026.

(c) \$300,000 the first year and \$300,000 the second year are to maintain the current level of service delivery.

(d) \$250,000 the first year is to support food businesses. This is a onetime appropriation and is available until June 30, 2026.

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

ARTICLE 2
PESTICIDE CONTROL

Section 1. Minnesota Statutes 2022, section 18B.01, is amended by adding a subdivision to read:

Subd. 1d. Application or use of a pesticide. "Application or use of a pesticide" includes:

(1) the dispersal of a pesticide on, in, at, or directed toward a target site;

(2) preapplication activities that involve the mixing and loading of a restricted use pesticide; and

(3) other restricted use pesticide-related activities, including but not limited to transporting or storing pesticide containers that have been opened; cleaning equipment; and disposing of excess pesticides, spray mix, equipment wash waters, pesticide containers, and other materials that contain pesticide.

Sec. 2. Minnesota Statutes 2022, section 18B.26, subdivision 6, is amended to read:

Subd. 6. Discontinuance or cancellation of registration. (a) To ensure the complete withdrawal from distribution or further use of a pesticide, a person who intends to discontinue a pesticide registration must:

(1) terminate a further distribution within the state and continue to register the pesticide annually for two successive years; and

(2) initiate and complete a total recall of the pesticide from all distribution in the state within 60 days from the date of notification to the commissioner of intent to discontinue registration; ~~or~~

~~(3) submit to the commissioner evidence adequate to document that no distribution of the registered pesticide has occurred in the state.~~

(b) Upon the request of a registrant, the commissioner may immediately cancel registration of a pesticide product. The commissioner may immediately cancel registration of a pesticide product at the commissioner's discretion. When requesting that the commissioner immediately cancel registration of a pesticide product, a registrant must provide the commissioner with:

(1) a statement that the pesticide product is no longer in distribution; and

(2) documentation of pesticide gross sales from the previous year supporting the statement under clause (1).

Sec. 3. Minnesota Statutes 2022, section 18B.28, is amended by adding a subdivision to read:

Subd. 5. Advisory panel. Before approving the issuance of an experimental use pesticide product registration under this section, the commissioner must convene and consider the advice of a panel of outside scientific and health experts. The panel must include but is not limited to representatives of the Department of Health, the Department of Natural Resources, the Pollution Control Agency, and the University of Minnesota.

Sec. 4. **[18B.283] EXPERT ADVICE REQUIRED FOR EMERGENCY EXEMPTIONS.**

Within 30 days of submitting an emergency registration exemption application under section 18 of FIFRA, the commissioner must convene and consider the advice of a panel of outside scientific and health experts. The panel must include but is not limited to representatives of the Department of Health, the Department of Natural Resources, the Pollution Control Agency, and the University of Minnesota.

Sec. 5. Minnesota Statutes 2022, section 18B.305, subdivision 2, is amended to read:

Subd. 2. **Training manual and examination development.** The commissioner, in consultation with University of Minnesota Extension and other higher education institutions, shall continually revise and update pesticide applicator training manuals and examinations. The manuals and examinations must be written to meet or exceed the minimum competency standards required by the United States Environmental Protection Agency and pertinent state specific information. Pesticide applicator training manuals and examinations must meet or exceed the competency standards in Code of Federal Regulations, title 40, part 171. Competency standards for training manuals and examinations must be published on the Department of Agriculture website. Questions in the examinations must be determined by the commissioner in consultation with other responsible agencies. Manuals and examinations must include pesticide management practices that discuss prevention of pesticide occurrence in groundwater and surface water of the state, and economic thresholds and guidance for insecticide use.

Sec. 6. Minnesota Statutes 2022, section 18B.32, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** (a) A person may not engage in structural pest control applications:

(1) for hire without a structural pest control license; ~~and~~

(2) as a sole proprietorship, company, partnership, or corporation unless the person is or employs a licensed master in structural pest control operations; ~~and~~

(3) unless the person is 18 years of age or older.

(b) A structural pest control licensee must have a valid license identification card to purchase a restricted use pesticide or apply pesticides for hire and must display it upon demand by an authorized representative of the commissioner or a law enforcement officer. The license identification card must contain information required by the commissioner.

Sec. 7. Minnesota Statutes 2022, section 18B.32, subdivision 3, is amended to read:

Subd. 3. **Application.** (a) A person must apply to the commissioner for a structural pest control license on forms and in the manner required by the commissioner. The commissioner shall require the applicant to pass a written, closed-book, monitored examination or oral examination, or both, ~~and may also require a practical demonstration regarding structural pest control.~~ The commissioner shall establish the examination procedure, including the phases and contents of the examination.

(b) The commissioner may license a person as a master under a structural pest control license if the person has the necessary qualifications through knowledge and experience to properly plan, determine, and supervise the selection and application of pesticides in structural pest control. To demonstrate the qualifications and become licensed as a master under a structural pest control license, a person must:

(1) pass a closed-book test administered by the commissioner;

(2) have direct experience as a licensed journeyman under a structural pest control license for at least two years by this state or a state with equivalent certification requirements or as a full-time licensed master in another state with equivalent certification requirements; and

(3) show practical knowledge and field experience under clause (2) in the actual selection and application of pesticides under varying conditions.

(c) The commissioner may license a person as a journeyman under a structural pest control license if the person:

(1) has the necessary qualifications in the practical selection and application of pesticides;

(2) has passed a closed-book examination given by the commissioner; and

(3) is engaged as an employee of or is working under the direction of a person licensed as a master under a structural pest control license.

(d) The commissioner may license a person as a fumigator under a structural pest control license if the person:

(1) has knowledge of the practical selection and application of fumigants;

(2) has passed a closed-book examination given by the commissioner; and

(3) is licensed by the commissioner as a master or journeyman under a structural pest control license.

Sec. 8. Minnesota Statutes 2022, section 18B.32, subdivision 4, is amended to read:

Subd. 4. **Renewal.** (a) An applicator may apply to renew a structural pest control applicator license ~~may be renewed~~ on or before the expiration of an existing license subject to reexamination, attendance at ~~workshops~~ a recertification workshop approved by the commissioner, or other requirements imposed by the commissioner to provide the applicator with information regarding changing technology and to help assure a continuing level of competency and ability to use pesticides safely and properly. A recertification workshop must meet or exceed the competency standards in Code of Federal Regulations, title 40, part 171. Competency standards for a recertification workshop must be published on the Department of Agriculture website. If the commissioner requires an applicator to attend a recertification workshop and the applicator fails to attend the workshop, the commissioner may require the applicator to pass a reexamination. The commissioner may require an additional demonstration of applicator qualification if the applicator has had a license suspended or revoked or has otherwise had a history of violations of this chapter.

(b) ~~If a person~~ an applicator fails to renew a structural pest control license within three months of its expiration, ~~the person~~ applicator must obtain a structural pest control license subject to the requirements, procedures, and fees required for an initial license.

Sec. 9. Minnesota Statutes 2022, section 18B.32, subdivision 5, is amended to read:

Subd. 5. **Financial responsibility.** (a) ~~A structural pest control license may not be issued unless the applicant furnishes proof of financial responsibility.~~ The commissioner may suspend or revoke a structural pest control license if an applicator fails to provide proof of financial responsibility upon the commissioner's request. Financial responsibility may be demonstrated by:

(1) proof of net assets equal to or greater than \$50,000; or

(2) a performance bond or insurance of a kind and in an amount determined by the commissioner.

(b) The bond or insurance must cover a period of time at least equal to the term of the ~~applicant's~~ applicator's license. The commissioner must immediately suspend the license of ~~a person~~ an applicator who fails to maintain the required bond or insurance. The performance bond or insurance policy must contain a provision requiring the insurance or bonding company to notify the commissioner by ten days before the effective date of cancellation, termination, or any other change of the bond or insurance. If there is recovery against the bond or insurance, additional coverage must be secured by the applicator to maintain financial responsibility equal to the original amount required.

(c) An employee of a licensed person is not required to maintain an insurance policy or bond during the time the employer is maintaining the required insurance or bond.

(d) Applications for reinstatement of a license suspended under the provisions of this section must be accompanied by proof of satisfaction of judgments previously rendered.

Sec. 10. Minnesota Statutes 2022, section 18B.33, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** (a) A person may not apply a pesticide for hire without a commercial applicator license for the appropriate use categories or a structural pest control license.

(b) A commercial applicator licensee must have a valid license identification card to purchase a restricted use pesticide or apply pesticides for hire and must display it upon demand by an authorized representative of the commissioner or a law enforcement officer. The commissioner shall prescribe the information required on the license identification card.

(c) A person licensed under this section is considered qualified and is not required to verify, document, or otherwise prove a particular need prior to use, except as required by the federal label.

(d) A person who uses a general-use sanitizer or disinfectant for hire in response to COVID-19 is exempt from the commercial applicator license requirements under this section.

(e) A person licensed under this section must be 18 years of age or older.

Sec. 11. Minnesota Statutes 2022, section 18B.33, subdivision 5, is amended to read:

Subd. 5. **Renewal application.** (a) ~~A person~~ An applicator must apply to the commissioner to renew a commercial applicator license. The commissioner may renew a commercial applicator license accompanied by the application fee, subject to reexamination, attendance at ~~workshops~~ a recertification workshop approved by the commissioner, or other requirements imposed by the commissioner to provide the applicator with information regarding changing technology and to help assure a continuing level of competence and ability to use pesticides safely and properly. ~~The applicant~~ Upon the receipt of an applicator's renewal application, the commissioner may require the applicator to attend a recertification workshop. Depending on the application category, the commissioner may require an applicator to complete a recertification workshop once per year, once every two years, or once every three years. If the commissioner requires an applicator to attend a recertification workshop and the applicator fails to attend the workshop, the commissioner may require the applicator to pass a reexamination. A recertification workshop must meet or exceed the competency standards in Code of Federal Regulations, title 40, part 171. Competency standards for a recertification workshop must be published on the Department of Agriculture website. An applicator may renew a commercial applicator license within 12 months after expiration of the license without having to meet initial testing requirements. The commissioner may require an additional demonstration of applicator qualification if ~~a person~~ the applicator has had a license suspended or revoked or has had a history of violations of this chapter.

(b) An ~~applicant~~ applicator that meets renewal requirements by reexamination instead of attending ~~workshops~~ a recertification workshop must pay the equivalent workshop fee for the reexamination as determined by the commissioner.

Sec. 12. Minnesota Statutes 2022, section 18B.33, subdivision 6, is amended to read:

Subd. 6. **Financial responsibility.** (a) ~~A commercial applicator license may not be issued unless the applicant furnishes proof of financial responsibility.~~ The commissioner may suspend or revoke an applicator's commercial applicator license if the applicator fails to provide proof of financial responsibility upon the commissioner's request. Financial responsibility may be demonstrated by: (1) proof of net assets equal to or greater than \$50,000; or (2) by a performance bond or insurance of the kind and in an amount determined by the commissioner.

(b) The bond or insurance must cover a period of time at least equal to the term of the ~~applicant's~~ applicator's license. The commissioner must immediately suspend the license of ~~a person~~ an applicator who fails to maintain the required bond or insurance. The performance bond or insurance policy must contain a provision requiring the insurance or bonding company to notify the commissioner by ten days before the effective date of cancellation, termination, or any other change of the bond or insurance. If there is recovery against the bond or insurance, additional coverage must be secured by the applicator to maintain financial responsibility equal to the original amount required.

(c) An employee of a licensed ~~person~~ applicator is not required to maintain an insurance policy or bond during the time the employer is maintaining the required insurance or bond.

(d) Applications for reinstatement of a license suspended under the provisions of this section must be accompanied by proof of satisfaction of judgments previously rendered.

Sec. 13. Minnesota Statutes 2022, section 18B.34, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** (a) Except for a licensed commercial applicator, certified private applicator, or licensed structural pest control applicator, a person, including a government employee, may not purchase or use a restricted use pesticide in performance of official duties without having a noncommercial applicator license for an appropriate use category.

(b) A licensee must have a valid license identification card when applying pesticides and must display it upon demand by an authorized representative of the commissioner or a law enforcement officer. The license identification card must contain information required by the commissioner.

(c) A person licensed under this section is considered qualified and is not required to verify, document, or otherwise prove a particular need prior to use, except as required by the federal label.

(d) A person licensed under this section must be 18 years of age or older.

Sec. 14. Minnesota Statutes 2022, section 18B.34, subdivision 4, is amended to read:

Subd. 4. **Renewal.** (a) ~~A person~~ An applicator must apply to the commissioner to renew a noncommercial applicator license. The commissioner may renew a license subject to reexamination, attendance at ~~workshops~~ a recertification workshop approved by the commissioner, or other requirements imposed by the commissioner to provide the applicator with information regarding changing technology and to help assure a continuing level of competence and ability to use pesticides safely and properly. Upon the receipt of an applicator's renewal application, the commissioner may require the applicator to attend a recertification workshop. Depending on the application category, the commissioner may require an applicator to complete a recertification workshop once per year, once every two years, or once every three years. If the commissioner requires an applicator to attend a recertification workshop and the applicator fails to attend the workshop, the commissioner may require the applicator to pass a reexamination. A recertification workshop must meet or exceed the competency standards in Code of Federal Regulations, title 40, part 171. Competency standards for a recertification workshop must be

published on the Department of Agriculture website. The commissioner may require an additional demonstration of applicator qualification if the applicator has had a license suspended or revoked or has otherwise had a history of violations of this chapter.

(b) An ~~applicant~~ applicator that meets renewal requirements by reexamination instead of attending ~~workshops~~ a recertification workshop must pay the equivalent workshop fee for the reexamination as determined by the commissioner.

(c) An ~~applicant~~ applicator has 12 months to renew the license after expiration without having to meet initial testing requirements.

Sec. 15. Minnesota Statutes 2022, section 18B.35, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** (a) The commissioner may establish categories of structural pest control, commercial applicator, and noncommercial applicator licenses ~~for administering and enforcing this chapter.~~ and private applicator certification consistent with federal requirements in Code of Federal Regulations, title 40, parts 171.101 and 171.105, including but not limited to the federal categories that are applicable to Minnesota. Application categories must meet or exceed the competency standards in Code of Federal Regulations, title 40, part 171. Competency standards for application categories must be published on the Department of Agriculture website. The categories may include pest control operators and ornamental, agricultural, aquatic, forest, and right-of-way pesticide applicators. Separate subclassifications of categories may be specified as to ground, aerial, or manual methods to apply pesticides or to the use of pesticides to control insects, plant diseases, rodents, or weeds.

(b) Each category is subject to separate testing procedures and requirements.

Sec. 16. Minnesota Statutes 2022, section 18B.36, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** (a) Except for a licensed commercial or noncommercial applicator, only a certified private applicator may use a restricted use pesticide to produce an agricultural commodity:

(1) as a traditional exchange of services without financial compensation;

(2) on a site owned, rented, or managed by the person or the person's employees; or

(3) when the private applicator is one of two or fewer employees and the owner or operator is a certified private applicator or is licensed as a noncommercial applicator.

(b) A person may not purchase a restricted use pesticide without presenting a license card, certified private applicator card, or the card number.

(c) A person certified under this section is considered qualified and is not required to verify, document, or otherwise prove a particular need prior to use, except as required by the federal label.

(d) A person certified under this section must be 18 years of age or older.

Sec. 17. Minnesota Statutes 2022, section 18B.36, subdivision 2, is amended to read:

Subd. 2. **Certification.** (a) The commissioner shall prescribe certification requirements and provide training that meets or exceeds United States Environmental Protection Agency standards to certify private applicators and provide information relating to changing technology to help ensure a continuing level of competency and ability to use pesticides properly and safely. Private applicator certification requirements and training must meet or exceed

the competency standards in Code of Federal Regulations, title 40, part 171. Competency standards for private applicator certification and training must be published on the Department of Agriculture website. The training may be done through cooperation with other government agencies and must be a minimum of three hours in duration.

(b) A person must apply to the commissioner for certification as a private applicator. After completing the certification requirements, which must include ~~an~~ a proctored examination as determined by the commissioner, an applicant must be certified as a private applicator to use restricted use pesticides. The certification shall expire March 1 of the third calendar year after the initial year of certification.

(c) The commissioner shall issue a private applicator card to a private applicator.

Sec. 18. Minnesota Statutes 2022, section 18B.37, subdivision 2, is amended to read:

Subd. 2. Commercial and noncommercial applicators. (a) A commercial or noncommercial applicator; or the applicator's authorized agent; must maintain a record of pesticides used on each site. Noncommercial applicators must keep records of restricted use pesticides. The record must include the:

- (1) date of the pesticide use;
- (2) time the pesticide application was completed;
- (3) brand name of the pesticide, the United States Environmental Protection Agency registration number, and rate used;
- (4) number of units treated;
- (5) temperature, wind speed, and wind direction;
- (6) location of the site where the pesticide was applied;
- (7) name and address of the customer;
- (8) name of applicator, name of company, license number of applicator, and address of applicator company; and
- (9) any other information required by the commissioner.

(b) Portions of records not relevant to a specific type of application may be omitted upon approval from the commissioner.

(c) All information for this record requirement must be contained in a document for each pesticide application, except a map may be attached to identify treated areas. An invoice containing the required information may constitute the required record. The commissioner shall make sample forms available to meet the requirements of this paragraph.

(d) The record must be completed no later than five days after the application of the pesticide.

(e) A commercial applicator must give a copy of the record to the customer.

(f) Records must be retained by the applicator, company, or authorized agent for five years after the date of treatment.

(g) A record of a commercial or noncommercial applicator must meet or exceed the requirements in Code of Federal Regulations, title 40, part 171.

Sec. 19. Minnesota Statutes 2022, section 18B.37, subdivision 3, is amended to read:

Subd. 3. **Structural pest control applicators.** (a) A structural pest control applicator must maintain a record of each structural pest control application conducted by that person or by the person's employees. The record must include the:

- (1) date of structural pest control application;
- (2) target pest;
- (3) brand name of the pesticide, United States Environmental Protection Agency registration number, and amount used;
- (4) for fumigation, the temperature and exposure time;
- (5) time the pesticide application was completed;
- (6) name and address of the customer;
- (7) name of structural pest control applicator, name of company and address of applicator or company, and license number of applicator; and
- (8) any other information required by the commissioner.

(b) All information for this record requirement must be contained in a document for each pesticide application. An invoice containing the required information may constitute the record.

(c) The record must be completed no later than five days after the application of the pesticide.

(d) Records must be retained for five years after the date of treatment.

(e) A copy of the record must be given to a person who ordered the application that is present at the site where the structural pest control application is conducted, placed in a conspicuous location at the site where the structural pest control application is conducted immediately after the application of the pesticides, or delivered to the person who ordered an application or the owner of the site. The commissioner must make sample forms available that meet the requirements of this subdivision.

(f) A structural applicator must post in a conspicuous place inside a renter's apartment where a pesticide application has occurred a list of postapplication precautions contained on the label of the pesticide that was applied in the apartment and any other information required by the commissioner.

(g) A record of a structural applicator must meet or exceed the requirements in Code of Federal Regulations, title 40, part 171.

Sec. 20. **COMMERCIAL APPLICATOR LICENSE EXAMINATION LANGUAGE REQUIREMENTS.**

By January 1, 2025, the commissioner of agriculture must ensure that examinations for a commercial applicator license under Minnesota Statutes, section 18B.33, are available in Spanish and that applicants are informed that the examinations can be taken in Spanish. The commissioner must use money appropriated from the pesticide regulatory account under Minnesota Statutes, section 18B.05, for this purpose.

ARTICLE 3
OTHER AGRICULTURE STATUTORY CHANGES

Section 1. Minnesota Statutes 2022, section 3.7371, is amended by adding a subdivision to read:

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

(b) "Approved agent" means a person authorized by the Department of Agriculture to determine if crop or fence damage was caused by elk and to assign a monetary value to the crop or fence damage.

(c) "Commissioner" means the commissioner of agriculture or the commissioner's authorized representative.

(d) "Estimated value" means the current value of crops or fencing as determined by an approved agent.

(e) "Owner" means an individual, firm, corporation, copartnership, or association with an interest in crops or fencing damaged by elk.

Sec. 2. Minnesota Statutes 2022, section 3.7371, subdivision 2, is amended to read:

Subd. 2. **Claim form and reporting.** (a) The owner must prepare a claim on forms provided by the commissioner and available on the Department of Agriculture's Agriculture website or by request from the commissioner. ~~The claim form must be filed with the commissioner.~~

(b) After discovering crop or fence damage suspected to be caused by elk, an owner must promptly notify an approved agent of the damage. To submit a claim for crop or fence damage caused by elk, an owner must complete the required portions of the claim form provided by the commissioner. An owner who has submitted a claim must provide an approved agent with all information required to investigate the crop or fence damage.

Sec. 3. Minnesota Statutes 2022, section 3.7371, is amended by adding a subdivision to read:

Subd. 2a. **Investigation and crop valuation.** (a) Upon receiving notification of crop or fence damage suspected to be caused by elk, an approved agent must promptly investigate the damage in a timely manner. An approved agent must make written findings on the claim form regarding whether the crop or fence was destroyed or damaged by elk. The approved agent's findings must be based on physical and circumstantial evidence, including:

(1) the condition of the crop or fence;

(2) the presence of elk tracks;

(3) the geographic area of the state where the crop or fence damage occurred;

(4) any sightings of elk in the area; and

(5) any other circumstances that the approved agent considers to be relevant.

(b) The absence of affirmative evidence may be grounds for denial of a claim.

(c) On a claim form, an approved agent must make written findings of the extent of crop or fence damage and, if applicable, the amount of crop destroyed.

(d) For damage to standing crops, an owner may choose to have the approved agent use the method in clause (1) or (2) to complete the claim form and determine the amount of crop loss:

(1) to submit a claim form to the commissioner at the time that the suspected elk damage is discovered, the approved agent must record on the claim form: (i) the field's potential yield per acre; (ii) the field's average yield per acre that is expected on the damaged acres; (iii) the estimated value of the crop; and (iv) the total amount of loss. Upon completing the claim form, the approved agent must submit the form to the commissioner; or

(2) to submit a claim form to the commissioner at the time that the crop is harvested, the approved agent must record on the claim form at the time of the investigation: (i) the percent of crop loss from damage; (ii) the actual yield of the damaged field when the crop is harvested; (iii) the estimated value of the crop; and (iv) the total amount of loss. Upon completing the claim form, the approved agent must submit the form to the commissioner.

(e) For damage to stored crops, an approved agent must record on the claim form: (1) the type and volume of destroyed stored crops; (2) the estimated value of the crop; and (3) the total amount of loss.

(f) For damage to fencing, an approved agent must record on the claim form: (1) the type of materials damaged; (2) the linear feet of the damage; (3) the value of the materials per unit according to National Resource Conservation Service specifications; and (4) the calculated total damage to the fence.

Sec. 4. Minnesota Statutes 2022, section 3.7371, is amended by adding a subdivision to read:

Subd. 2b. **Claim form.** A completed claim form must be signed by the owner and an approved agent. An approved agent must submit the claim form to the commissioner for the commissioner's review and payment. The commissioner must return an incomplete claim form to the approved agent. When returning an incomplete claim form to an approved agent, the commissioner must indicate which information is missing from the claim form.

Sec. 5. Minnesota Statutes 2022, section 3.7371, subdivision 3, is amended to read:

Subd. 3. **Compensation.** (a) ~~The crop~~ An owner is entitled to the target price or the market price, whichever is greater, estimated value of the damaged or destroyed crop ~~plus adjustments for yield loss determined according to agricultural stabilization and conservation service programs for individual farms, adjusted annually, as determined by the commissioner, upon recommendation of the commissioner's approved agent for the owner's county or fence.~~ Verification of crop or fence damage or destruction by elk may be provided by submitting photographs or other evidence and documentation ~~together with a statement from an independent witness~~ using forms prescribed by the commissioner. The commissioner, upon recommendation of the commissioner's approved agent, shall determine whether the crop damage or destruction or damage to or destruction of a fence surrounding a crop or pasture is caused by elk and, if so, the amount of the crop or fence that is damaged or destroyed. In any fiscal year, an owner may not be compensated for a damaged or destroyed crop or fence surrounding a crop or pasture that is less than \$100 in value and may be compensated up to \$20,000, as determined under this section, ~~if normal harvest procedures for the area are followed.~~ An owner may not be compensated more than \$1,800 per fiscal year for damage to fencing surrounding a crop or pasture.

(b) In any fiscal year, the commissioner may provide compensation for claims filed under this section up to the amount expressly appropriated for this purpose.

Sec. 6. Minnesota Statutes 2023 Supplement, section 17.055, subdivision 3, is amended to read:

Subd. 3. **Beginning farmer equipment and infrastructure grants.** (a) The commissioner may award and administer equipment and infrastructure grants to beginning farmers. The commissioner shall give preference to applicants who are ~~emerging farmers~~ experiencing limited land access or limited market access as those terms are defined in section 17.133, subdivision 1. Grant money may be used for equipment and infrastructure development.

(b) The commissioner shall develop competitive eligibility criteria and may allocate grants on a needs basis.

(c) Grant projects may continue for up to two years.

Sec. 7. Minnesota Statutes 2022, section 17.133, subdivision 1, is amended to read:

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

(b) "Eligible farmer" means an individual who at the time that the grant is awarded:

(1) is a resident of Minnesota who intends to acquire farmland located within the state and provide the majority of the day-to-day physical labor and management of the farm;

(2) grosses no more than \$250,000 per year from the sale of farm products; ~~and~~

(3) has not, and whose spouse has not, at any time had a direct or indirect ownership interest in farmland; ~~and~~

(4) is not, and whose spouse is not, related by blood or marriage to an owner of the farmland that the individual intends to acquire.

(c) "Farm down payment" means an initial, partial payment required by a lender or seller to purchase farmland.

(d) "Incubator farm" means a farm where:

(1) individuals are given temporary, exclusive, and affordable access to small parcels of land, infrastructure, and often training, for the purpose of honing skills and launching a farm business; and

(2) a majority of the individuals farming the small parcels of land grow industrial hemp, cannabis, or one or more of the following specialty crops as defined by the United States Department of Agriculture for purposes of the specialty crop block grant program: fruits and vegetables, tree nuts, dried fruits, medicinal plants, culinary herbs and spices, horticulture crops, floriculture crops, and nursery crops.

(e) "Limited land access" means farming land that the individual does not own when:

(1) the individual or the individual's child rents or leases the land, with the term of each rental or lease agreement not exceeding three years in duration, from a person who is not related to the individual or the individual's spouse by blood or marriage; or

(2) the individual rents the land from an incubator farm.

(f) "Limited market access" means the majority of the individual's annual farm product sales are direct sales to the consumer.

Sec. 8. Minnesota Statutes 2023 Supplement, section 17.133, subdivision 3, is amended to read:

Subd. 3. **Report to legislature.** No later than December 1, 2023, and annually thereafter, the commissioner must provide a report to the chairs and ranking minority members of the legislative committees having jurisdiction over agriculture and rural development, in compliance with sections 3.195 and 3.197, on the farm down payment assistance grants under this section. The report must include:

(1) background information on beginning farmers in Minnesota and any other information that the commissioner and authority find relevant to evaluating the effect of the grants on increasing opportunities for and the number of beginning farmers;

(2) the number and amount of grants;

(3) the geographic distribution of grants by county;

(4) the number of grant recipients who are emerging farmers;

(5) the number of grant recipients who were experiencing limited land access or limited market access when the grant was awarded;

~~(6)~~ (6) disaggregated data regarding the gender, race, and ethnicity of grant recipients;

~~(7)~~ (7) the number of farmers who cease to own land and are subject to payment of a penalty, along with the reasons for the land ownership cessation; and

~~(8)~~ (8) the number and amount of grant applications that exceeded the allocation available in each year.

Sec. 9. Minnesota Statutes 2023 Supplement, section 17.134, is amended by adding a subdivision to read:

Subd. 3a. **Grant requirements.** In addition to the applicable grants management requirements under sections 16B.97 to 16B.991, as a condition of receiving a soil health financial assistance grant under this section, an owner or lessee of farmland must commit to:

(1) if not certified under sections 17.9891 to 17.993, achieve certification no later than 24 months after the grant agreement is fully executed;

(2) not lease or rent the equipment to another for economic gain; and

(3) if selling the equipment, sell the equipment for no more than the owner's or lessee's documented share of the total purchase price.

Sec. 10. Minnesota Statutes 2022, section 18C.005, is amended by adding a subdivision to read:

Subd. 1c. **Beneficial substance.** "Beneficial substance" means any substance or compound other than a primary, secondary, and micro plant nutrient that can be demonstrated by scientific research to be beneficial to one or more species of plants, soil, or media.

Sec. 11. Minnesota Statutes 2022, section 18C.005, is amended by adding a subdivision to read:

Subd. 7b. **Diammonium phosphate.** "Diammonium phosphate" or "DAP" means a fertilizer containing 18 percent total nitrogen and 46 percent available phosphate.

Sec. 12. Minnesota Statutes 2022, section 18C.005, is amended by adding a subdivision to read:

Subd. 11a. **Finished sewage sludge product.** "Finished sewage sludge product" means a fertilizer product consisting in whole or in part of sewage sludge that is disinfected by means of composting, pasteurization, wet air oxidation, heat treatment, or other means and sold to the public.

Sec. 13. Minnesota Statutes 2022, section 18C.005, is amended by adding a subdivision to read:

Subd. 18b. **Liquid 28.** "Liquid 28" means a liquid nitrogen solution containing 28 percent total nitrogen.

Sec. 14. Minnesota Statutes 2022, section 18C.005, is amended by adding a subdivision to read:

Subd. 18c. **Liquid 32.** "Liquid 32" means a liquid nitrogen solution containing 32 percent total nitrogen.

Sec. 15. Minnesota Statutes 2022, section 18C.005, is amended by adding a subdivision to read:

Subd. 19b. **Monoammonium phosphate.** "Monoammonium phosphate" or "MAP" means a fertilizer containing ten to 11 percent total nitrogen and 48 to 55 percent available phosphate.

Sec. 16. Minnesota Statutes 2022, section 18C.005, is amended by adding a subdivision to read:

Subd. 20a. **Nitrogen fertilizer.** "Nitrogen fertilizer" means any fertilizer, soil amendment, or plant amendment totally or partially comprised of nitrogen, including but not limited to anhydrous ammonia, urea, liquid 28, liquid 32, DAP, and MAP.

Sec. 17. Minnesota Statutes 2022, section 18C.005, subdivision 33, is amended to read:

Subd. 33. **Soil amendment.** "Soil amendment" means a substance intended to improve the structural, physical, chemical, biochemical, or biological characteristics of the soil or modify organic matter at or near the soil surface, except fertilizers, agricultural liming materials, pesticides, and other materials exempted by the commissioner's rules.

Sec. 18. Minnesota Statutes 2022, section 18C.005, is amended by adding a subdivision to read:

Subd. 37a. **Urea.** "Urea" means a white crystalline solid containing 46 percent nitrogen.

Sec. 19. Minnesota Statutes 2022, section 18C.115, subdivision 2, is amended to read:

Subd. 2. **Adoption of national standards.** Applicable national standards contained in the ~~1996 official publication, number 49,~~ most recently published version of the official publication of the Association of American Plant Food Control Officials including the rules and regulations, statements of uniform interpretation and policy, and the official fertilizer terms and definitions, and not otherwise adopted by the commissioner, may be adopted as fertilizer rules of this state.

Sec. 20. Minnesota Statutes 2022, section 18C.215, subdivision 1, is amended to read:

Subdivision 1. **Packaged fertilizers.** (a) A person may not sell or distribute specialty fertilizer in bags or other containers in this state unless a label is placed on or affixed to the bag or container stating in a clear, legible, and conspicuous form the following information:

(1) the net weight and volume, if applicable;

- (2) the brand and grade, except the grade is not required if primary nutrients are not claimed;
- (3) the guaranteed analysis;
- (4) the name and address of the guarantor;
- (5) directions for use, except directions for use are not required for custom blend specialty fertilizers; and
- (6) a derivatives statement.

(b) A person may not sell or distribute fertilizer for agricultural purposes in bags or other containers in this state unless a label is placed on or affixed to the bag or container stating in a clear, legible, and conspicuous form the information listed in paragraph (a), clauses (1) to (4), except:

- (1) the grade is not required if primary nutrients are not claimed; and

(2) the grade on the label is optional if the fertilizer is used only for agricultural purposes and the guaranteed analysis statement is shown in the complete form as in section 18C.211.

- (c) The labeled information must appear:

- (1) on the front or back side of the container;
- (2) on the upper one-third of the side of the container;
- (3) on the upper end of the container; or
- (4) printed on a tag affixed to the upper end of the container.

(d) If a person sells a custom blend specialty fertilizer in bags or other containers, the information required in paragraph (a) must either be affixed to the bag or container as required in paragraph (c) or be furnished to the customer on an invoice or delivery ticket in written or printed form.

Sec. 21. Minnesota Statutes 2022, section 18C.221, is amended to read:

18C.221 FERTILIZER PLANT FOOD CONTENT.

- (a) Products that are deficient in plant food content are subject to this subdivision.

- (b) An analysis must show that a fertilizer is deficient:

(1) in one or more of its guaranteed primary plant nutrients beyond the investigational allowances and compensations as established by regulation; or

- (2) if the overall index value of the fertilizer is shown below the level established by rule.

(c) A deficiency in an official sample of mixed fertilizer resulting from nonuniformity is not distinguishable from a deficiency due to actual plant nutrient shortage and is properly subject to official action.

(d) For the purpose of determining the commercial index value to be applied, the commissioner shall determine at least annually the values per unit of nitrogen, available ~~phosphoric acid~~ phosphate, and soluble potash in fertilizers in this state.

(e) If a fertilizer in the possession of the consumer is found by the commissioner to be short in weight, the registrant or licensee of the fertilizer must submit a penalty payment of two times the value of the actual shortage to the consumer within 30 days after official notice from the commissioner.

Sec. 22. Minnesota Statutes 2023 Supplement, section 18C.421, subdivision 1, is amended to read:

Subdivision 1. **Annual tonnage report.** (a) Each registrant under section 18C.411 and licensee under section 18C.415 shall file an annual tonnage report for the previous year ending June 30 with the commissioner, on forms provided or approved by the commissioner, utilizing uniform fertilizer tonnage reporting system codes and stating the number of net tons of each brand or grade of fertilizer, soil amendment, or plant amendment distributed in this state or the number of net tons and grade of each raw fertilizer material distributed in this state during the reporting period.

(b) A tonnage report is not required to be submitted and an inspection fee under section 18C.425, subdivision 6, is not required to be paid to the commissioner by a licensee who distributes fertilizer solely by custom application.

(c) The annual tonnage report must be submitted to the commissioner on or before July 31 of each year.

(d) The inspection fee under section 18C.425, subdivision 6, must accompany the statement.

(e) The commissioner must produce an annual fertilizer sales report and post this report on the commissioner's website.

Sec. 23. Minnesota Statutes 2023 Supplement, section 18C.425, subdivision 6, is amended to read:

Subd. 6. **Payment of inspection fee.** (a) The person who registers and distributes in the state a specialty fertilizer, soil amendment, or plant amendment under section 18C.411 shall pay the inspection fee to the commissioner.

(b) The person licensed under section 18C.415 who distributes a fertilizer to a person not required to be so licensed shall pay the inspection fee to the commissioner, except as exempted under section 18C.421, subdivision 1, paragraph (b).

(c) The person responsible for payment of the inspection fees for fertilizers, soil amendments, or plant amendments sold and used in this state must pay the inspection fee set under paragraph (e), and ~~until June 30, 2024,~~ an additional 40 cents per ton, of fertilizer, soil amendment, and plant amendment sold or distributed in this state, with a minimum of \$10 on all tonnage reports. Notwithstanding section 18C.131, until June 30, 2025, the commissioner must deposit all revenue from the additional 40 cents per ton fee in the agricultural fertilizer research and education account in section 18C.80; and after June 30, 2025, the commissioner must deposit all revenue from the additional 40 cents per ton fee in the private well drinking-water assistance account established in section 18C.90. Products sold or distributed to manufacturers or exchanged between them are exempt from the inspection fee imposed by this subdivision if the products are used exclusively for manufacturing purposes.

(d) A registrant or licensee must retain invoices showing proof of fertilizer, plant amendment, or soil amendment distribution amounts and inspection fees paid for a period of three years.

(e) By commissioner's order, the commissioner must set the inspection fee at no less than 39 cents per ton and no more than 70 cents per ton. The commissioner must hold a public meeting before increasing the fee by more than five cents per ton.

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

Sec. 24. Minnesota Statutes 2022, section 18C.70, subdivision 5, is amended to read:

Subd. 5. **Expiration.** This section expires June 30, ~~2025~~ 2026.

Sec. 25. Minnesota Statutes 2022, section 18C.71, subdivision 4, is amended to read:

Subd. 4. **Expiration.** This section expires June 30, ~~2025~~ 2026.

Sec. 26. Minnesota Statutes 2022, section 18C.80, subdivision 2, is amended to read:

Subd. 2. **Expiration.** This section expires June 30, ~~2025~~ 2026.

Sec. 27. **[18C.90] PRIVATE WELL DRINKING-WATER ASSISTANCE PROGRAM.**

Subdivision 1. **Account; appropriation.** A private well drinking-water assistance account is established in the agricultural fund. Money in the account, including interest earned, is appropriated to the commissioner for aid payments to community health boards under subdivision 2.

Subd. 2. **Aid payments.** (a) At least annually, the commissioner must make aid payments to community health boards established under chapter 145A for purposes of assisting eligible residents under subdivision 3.

(b) The commissioner must award proportional aid payments to eligible community health boards based on each board's share of total private drinking-water wells in the state with documented nitrate in excess of ten milligrams per liter, as determined by the commissioner in consultation with the commissioners of health and the Pollution Control Agency.

Subd. 3. **Provision of safe drinking water.** (a) For purposes of this section, "safe drinking water" means water required for drinking, cooking, and maintaining oral hygiene that has a nitrate level of no more than ten milligrams per liter.

(b) Community health boards must use aid payments received under subdivision 2 to assist residents in obtaining safe drinking water when the documented level of nitrate in the resident's private drinking-water well is more than ten milligrams per liter, with priority given to pregnant women and children under the age of one.

(c) Community health boards must assist eligible residents in obtaining safe drinking water through one or more of the following methods:

(1) convenient bottled water distribution or delivery;

(2) reverse osmosis treatment unit acquisition, installation, and maintenance;

(3) connection to a public water system; or

(4) another method, as determined by the commissioner of health, that provides eligible residents with a sufficient quantity of safe drinking water.

Subd. 4. **Reports.** No later than January 15 each year, the commissioner must report outcomes achieved under this section and any corresponding recommendations to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture and health.

Sec. 28. Minnesota Statutes 2022, section 18D.301, subdivision 1, is amended to read:

Subdivision 1. **Enforcement required.** (a) The commissioner shall enforce this chapter and chapters 18B, 18C, and 18F.

(b) Violations of chapter 18B, 18C, or 18F or rules adopted under chapter 18B, 18C, or 18F, or section 103H.275, subdivision 2, are a violation of this chapter.

(c) Upon the request of the commissioner, county attorneys, sheriffs, and other officers having authority in the enforcement of the general criminal laws shall take action to the extent of their authority necessary or proper for the enforcement of this chapter or special orders, standards, stipulations, and agreements of the commissioner.

Sec. 29. Minnesota Statutes 2023 Supplement, section 18K.06, is amended to read:

18K.06 RULEMAKING.

~~(a) The commissioner shall adopt rules governing the production, testing, processing, and licensing of industrial hemp. Notwithstanding the two year limitation for exempt rules under section 14.388, subdivision 1, Minnesota Rules, chapter 1565, published in the State Register on August 16, 2021, is effective until August 16, 2025, or until permanent rules implementing chapter 18K are adopted, whichever occurs first may adopt or amend rules governing the production, testing, processing, and licensing of industrial hemp using the procedure in section 14.386, paragraph (a). Section 14.386, paragraph (b), does not apply to rules adopted or amended under this section.~~

(b) Rules adopted under paragraph (a) must include but not be limited to provisions governing:

- (1) the supervision and inspection of industrial hemp during its growth and harvest;
- (2) the testing of industrial hemp to determine delta-9 tetrahydrocannabinol levels;
- (3) the use of background check results required under section 18K.04 to approve or deny a license application; and
- (4) any other provision or procedure necessary to carry out the purposes of this chapter.

(c) Rules issued under this section must be consistent with federal law regarding the production, distribution, and sale of industrial hemp.

Sec. 30. Minnesota Statutes 2022, section 28A.10, is amended to read:

28A.10 POSTING OF LICENSE; RULES.

All such licenses shall be issued for a period of one year and shall be posted or displayed in a conspicuous place at the place of business so licensed. ~~Except as provided in sections 29.22, subdivision 4 and 31.39, all such license fees and penalties collected by the commissioner shall be deposited into the state treasury and credited to the general fund.~~ The commissioner may adopt such rules in conformity with law as the commissioner deems necessary to effectively and efficiently carry out the provisions of sections 28A.01 to 28A.16.

Sec. 31. Minnesota Statutes 2022, section 28A.21, subdivision 6, is amended to read:

Subd. 6. **Expiration.** This section expires June 30, ~~2027~~ 2037.

Sec. 32. Minnesota Statutes 2022, section 31.74, is amended to read:

31.74 SALE OF IMITATION HONEY.

Subdivision 1. **Honey defined.** As used in this section "honey" means the nectar and saccharine exudation of plants, gathered, modified and stored in the comb by honey bees, which is levorotatory, contains not more than 25 percent of water, not more than 25/100 percent of ash, and not more than eight percent sucrose.

Subd. 2. **Prohibited sale.** Notwithstanding any law or rule to the contrary, it is unlawful for any person to sell or offer for sale any product which is in semblance of honey and which is labeled, advertised, or otherwise represented to be honey, if it is not honey. The word "imitation" shall not be used in the name of a product which is in semblance of honey whether or not it contains any honey. The label for a product which is not in semblance of honey and which contains honey may include the word "honey" in the name of the product and the relative position of the word "honey" in the product name, and in the list of ingredients, when required, shall be determined by its prominence as an ingredient in the product.

Subd. 4. **Food consisting of honey and another sweetener.** Consistent with the federal act, the federal regulations incorporated under section 31.101, subdivision 7, and the prohibition against misbranding in sections 31.02 and 34A.03, the label for a food in semblance of honey and consisting of honey and another sweetener must include but is not limited to the following elements:

(1) a statement of identity that accurately identifies or describes the nature of the food or its characterizing properties or ingredients; and

(2) the common or usual name of each ingredient in the ingredient statement, in descending order of predominance by weight.

Sec. 33. Minnesota Statutes 2022, section 31.94, is amended to read:

31.94 ORGANIC AGRICULTURE; COMMISSIONER DUTIES.

(a) In order to promote opportunities for organic agriculture in Minnesota, the commissioner shall:

(1) survey producers and support services and organizations to determine information and research needs in the area of organic agriculture practices;

(2) work with the University of Minnesota and other research and education institutions to demonstrate the on-farm applicability of organic agriculture practices to conditions in this state;

(3) direct the programs of the department so as to work toward the promotion of organic agriculture in this state;

(4) inform agencies about state or federal programs that support organic agriculture practices; and

(5) work closely with producers, producer organizations, the University of Minnesota, and other appropriate agencies and organizations to identify opportunities and needs as well as ensure coordination and avoid duplication of state agency efforts regarding research, teaching, marketing, and extension work relating to organic agriculture.

(b) By November 15 of each year that ends in a zero or a five, the commissioner, in conjunction with the task force created in paragraph (c), shall report on the status of organic agriculture in Minnesota to the legislative policy and finance committees and divisions with jurisdiction over agriculture. The report must include available data on organic acreage and production, available data on the sales or market performance of organic products, and recommendations regarding programs, policies, and research efforts that will benefit Minnesota's organic agriculture sector.

(c) A Minnesota Organic Advisory Task Force shall advise the commissioner and the University of Minnesota on policies and programs that will improve organic agriculture in Minnesota, including how available resources can most effectively be used for outreach, education, research, and technical assistance that meet the needs of the organic agriculture sector. The task force must consist of the following residents of the state:

- (1) three organic farmers;
- (2) one wholesaler or distributor of organic products;
- (3) one representative of organic certification agencies;
- (4) two organic processors;
- (5) one representative from University of Minnesota Extension;
- (6) one University of Minnesota faculty member;
- (7) one representative from a nonprofit organization representing producers;
- (8) two public members;
- (9) one representative from the United States Department of Agriculture;
- (10) one retailer of organic products; and
- (11) one organic consumer representative.

The commissioner, in consultation with the director of the Minnesota Agricultural Experiment Station; the dean and director of University of Minnesota Extension and the dean of the College of Food, Agricultural and Natural Resource Sciences, shall appoint members to serve three-year terms.

Compensation and removal of members are governed by section 15.059, subdivision 6. The task force must meet at least twice each year and expires on June 30, ~~2024~~ 2034.

(d) For the purposes of expanding, improving, and developing production and marketing of the organic products of Minnesota agriculture, the commissioner may receive funds from state and federal sources and spend them, including through grants or contracts, to assist producers and processors to achieve certification, to conduct education or marketing activities, to enter into research and development partnerships, or to address production or marketing obstacles to the growth and well-being of the industry.

(e) The commissioner may facilitate the registration of state organic production and handling operations including those exempt from organic certification according to Code of Federal Regulations, title 7, section 205.101, and accredited certification agencies operating within the state.

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

Sec. 34. Minnesota Statutes 2022, section 32D.30, is amended to read:

32D.30 DAIRY DEVELOPMENT AND PROFITABILITY ENHANCEMENT.

Subdivision 1. **Program.** The commissioner must implement a dairy development and profitability enhancement program consisting of a dairy profitability enhancement ~~teams and program~~, dairy business planning grants, and other services to support the dairy industry.

Subd. 2. **Dairy profitability enhancement ~~teams~~ program.** (a) ~~The~~ dairy profitability enhancement ~~teams~~ program must provide ~~one-on-one~~ information and technical assistance to dairy farms of all sizes to enhance their financial success and long-term sustainability. ~~Teams~~ The program must assist dairy producers in all dairy-producing regions of the state ~~and~~. Assistance to producers from the program may consist of be provided individually, as a team, or through other methods by farm business management instructors, dairy extension specialists, and other dairy industry partners. ~~Teams~~ The program may engage in activities including such as comprehensive financial analysis, risk management education, enhanced milk marketing tools and technologies, and facilitating or improving production systems, including rotational grazing and other sustainable agriculture methods, and value-added opportunities.

(b) The commissioner must make grants to regional or statewide organizations qualified to manage the various components of the ~~teams program~~ and serve as program administrators. Each regional or statewide organization must designate a coordinator responsible for overseeing the program and submitting periodic reports to the commissioner regarding aggregate changes in producer financial stability, productivity, product quality, animal health, environmental protection, and other performance measures attributable to the program. The organizations must submit this information in a format that maintains the confidentiality of individual dairy producers.

Subd. 3. **Dairy business planning grants.** The commissioner may award dairy business planning grants of up to \$5,000 per producer or dairy processor ~~to develop comprehensive business plans~~ use technical assistance services for evaluating operations, transitional changes, expansions, improvements, and other business modifications. Producers and processors must not use dairy business planning grants for capital improvements.

Subd. 4. **Funding allocation.** Except as specified in law, the commissioner may allocate dairy development and profitability enhancement program dollars ~~among~~ for the permissible uses specified in this section and other needs to support the dairy industry, including efforts to improve the quality of milk produced in the state, in the proportions that the commissioner deems most beneficial to the state's dairy farmers.

Subd. 5. **Reporting.** No later than July 1 each year, the commissioner must submit a detailed accomplishment report and work plan detailing future plans for, and the actual and anticipated accomplishments from, expenditures under this section to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture policy and finance. If the commissioner significantly modifies a submitted work plan during the fiscal year, the commissioner must notify the chairs and ranking minority members.

Sec. 35. Minnesota Statutes 2023 Supplement, section 41A.19, is amended to read:

41A.19 REPORT; INCENTIVE PROGRAMS.

By January 15 each year, the commissioner shall report on the incentive and tax credit programs under sections 41A.16, 41A.17, 41A.18, ~~and 41A.20,~~ and 41A.30 to the legislative committees with jurisdiction over environment policy and finance and agriculture policy and finance. The report shall include information on production ~~and~~, blending, incentive expenditures, and tax credit certificates awarded under the programs, as well as the following information that the commissioner must require of each producer or blender who receives a payment or a tax credit certificate during the reporting period:

(1) the producer's or blender's business structure;

(2) the name and address of the producer's or blender's parent company, if any;

(3) a cumulative list of all financial assistance received from all public grantors for the project;

(4) goals for the number of jobs created and progress in achieving these goals, which may include separate goals for the number of part-time or full-time jobs, or, in cases where job loss is specific and demonstrable, goals for the number of jobs retained;

(5) equity hiring goals and progress in achieving these goals;

(6) wage goals and progress in achieving these goals for all jobs created or maintained by the producer or blender;

(7) board member and executive compensation;

(8) evidence of compliance with environmental permits;

(9) the producer's or blender's intended and actual use of payments from, or tax credits approved by, the commissioner; and

(10) if applicable, the latest financial audit opinion statement produced by a certified public accountant in accordance with standards established by the American Institute of Certified Public Accountants.

Sec. 36. Minnesota Statutes 2022, section 41B.039, subdivision 2, is amended to read:

Subd. 2. **State participation.** The state may participate in a new real estate loan with an eligible lender to a beginning farmer to the extent of 45 percent of the principal amount of the loan or ~~\$400,000~~ \$500,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may be different than the interest rates and repayment terms of the lender's retained portion of the loan.

Sec. 37. Minnesota Statutes 2022, section 41B.04, subdivision 8, is amended to read:

Subd. 8. **State participation.** With respect to loans that are eligible for restructuring under sections 41B.01 to 41B.23 and upon acceptance by the authority, the authority shall enter into a participation agreement or other financial arrangement whereby it shall participate in a restructured loan to the extent of 45 percent of the primary principal or ~~\$525,000~~ \$625,000, whichever is less. The authority's portion of the loan must be protected during the authority's participation by the first mortgage held by the eligible lender to the extent of its participation in the loan.

Sec. 38. Minnesota Statutes 2022, section 41B.042, subdivision 4, is amended to read:

Subd. 4. **Participation limit; interest.** The authority may participate in new seller-sponsored loans to the extent of 45 percent of the principal amount of the loan or ~~\$400,000~~ \$500,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may be different than the interest rates and repayment terms of the seller's retained portion of the loan.

Sec. 39. Minnesota Statutes 2022, section 41B.043, subdivision 1b, is amended to read:

Subd. 1b. **Loan participation.** The authority may participate in an agricultural improvement loan with an eligible lender to a farmer who meets the requirements of section 41B.03, subdivision 1, clauses (1) and (2), and who is actively engaged in farming. Participation is limited to 45 percent of the principal amount of the loan or ~~\$400,000~~ \$500,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may be different than the interest rates and repayment terms of the lender's retained portion of the loan.

Sec. 40. Minnesota Statutes 2022, section 41B.045, subdivision 2, is amended to read:

Subd. 2. **Loan participation.** The authority may participate in a livestock expansion and modernization loan with an eligible lender to a livestock farmer who meets the requirements of section 41B.03, subdivision 1, clauses (1) and (2), and who are actively engaged in a livestock operation. A prospective borrower must have a total net worth, including assets and liabilities of the borrower's spouse and dependents, of less than \$1,700,000 in 2017 and an amount in subsequent years which is adjusted for inflation by multiplying that amount by the cumulative inflation rate as determined by the United States All-Items Consumer Price Index.

Participation is limited to 45 percent of the principal amount of the loan or ~~\$525,000~~ \$625,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may be different from the interest rates and repayment terms of the lender's retained portion of the loan.

Sec. 41. Minnesota Statutes 2022, section 41B.047, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** The authority shall establish and implement a disaster recovery loan program to help farmers:

- (1) clean up, repair, or replace farm structures and septic and water systems, as well as replace seed, other crop inputs, feed, and livestock;
- (2) purchase watering systems, irrigation systems, ~~and~~ other drought mitigation systems and practices, and feed when drought is the cause of the purchase;
- (3) restore farmland;
- (4) replace flocks or livestock, make building improvements, or cover the loss of revenue when the replacement, improvements, or loss of revenue is due to the confirmed presence of a highly contagious animal disease in a commercial poultry or game flock, or a commercial livestock operation, located in Minnesota; or
- (5) cover the loss of revenue when the revenue loss is due to an infectious human disease for which the governor has declared a peacetime emergency under section 12.31.

Sec. 42. Minnesota Statutes 2022, section 223.17, subdivision 6, is amended to read:

Subd. 6. **Financial statements.** (a) Except as allowed in paragraph (c), a grain buyer licensed under this chapter must annually submit to the commissioner a financial statement prepared by a third-party independent accountant or certified public accountant in accordance with ~~generally accepted accounting principles~~ national or international accounting standards. The annual financial statement required under this subdivision must also:

- (1) include, but not be limited to the following:
 - (i) a balance sheet;
 - (ii) a statement of income (profit and loss);
 - (iii) a statement of retained earnings;
 - (iv) a statement of ~~changes in financial position~~ cash flow; and
 - (v) a statement of the dollar amount of grain purchased in the previous fiscal year of the grain buyer;

(2) be accompanied by a ~~compilation~~ report of the financial statement that is prepared by a grain commission firm or a management firm approved by the commissioner or by an independent public accountant, in accordance with standards established by the American Institute of Certified Public Accountants or similar international standards;

~~(3) be accompanied by a certification by the chief executive officer or the chief executive officer's designee of the licensee, and where applicable, all members of the governing board of directors under penalty of perjury, that the financial statement accurately reflects the financial condition of the licensee for the period specified in the statement;~~

~~(4) for grain buyers purchasing under \$7,500,000 of grain annually, be reviewed by a certified public accountant in accordance with standards established by the American Institute of Certified Public Accountants, and must show that the financial statements are free from material misstatements; and~~

~~(5) (3) for grain buyers purchasing \$7,500,000 or more of grain annually, be audited or reviewed by a certified public accountant in accordance with standards established by the American Institute of Certified Public Accountants ~~and~~ or similar international standards. An audit must include an opinion statement from the certified public accountant: performing the audit; and~~

~~(4) for grain buyers purchasing \$20,000,000 or more of grain annually, be audited by a certified public accountant in accordance with standards established by the American Institute of Certified Public Accountants or similar international standards. The audit must include an opinion statement from the certified public accountant performing the audit.~~

(b) Only one financial statement must be filed for a chain of warehouses owned or operated as a single business entity, unless otherwise required by the commissioner. All financial statements filed with the commissioner are private or nonpublic data as provided in section 13.02.

(c) A grain buyer who purchases grain immediately upon delivery solely with cash; ~~a certified check; a cashier's check; or a postal, bank, or express money order~~, as defined in section 223.16, subdivision 2a, paragraph (b), is exempt from this subdivision if the grain buyer's gross annual purchases are \$1,000,000 or less.

~~(d) For an entity that qualifies for the exemption in paragraph (c), the commissioner retains the right to require the entity to provide the commissioner with financial reporting based on inspections, any report of nonpayment, or other documentation related to violations of this chapter, chapter 232, or Minnesota Rules, chapter 1562.~~

~~(e) To ensure compliance with this chapter, the commissioner must annually review financial statements submitted under paragraph (a).~~

~~(d) (f) The commissioner shall annually provide information on a person's fiduciary duties to each licensee. ~~To~~ the extent practicable, the commissioner must direct each licensee to provide this information to all persons required to certify the licensee's financial statement under paragraph (a), clause (3).~~

~~(g) The commissioner may require an entity to provide additional financial statements or financial reporting, including audited financial statements.~~

Sec. 43. Minnesota Statutes 2022, section 232.21, subdivision 3, is amended to read:

Subd. 3. **Commissioner.** "Commissioner" means the commissioner of agriculture or the commissioner's designee.

Sec. 44. Minnesota Statutes 2022, section 232.21, subdivision 7, is amended to read:

Subd. 7. **Grain.** "Grain" means any ~~cereal grain, coarse grain, or oilseed in unprocessed form for which a standard has been established by the United States Secretary of Agriculture, dry edible beans, or agricultural crops designated by the commissioner by rule~~ product commonly referred to as grain, including wheat, corn, oats, barley, rye, rice, soybeans, emmer, sorghum, triticale, millet, pulses, dry edible beans, sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe, sesame seed, and other products ordinarily stored in grain warehouses.

Sec. 45. Minnesota Statutes 2022, section 232.21, subdivision 11, is amended to read:

Subd. 11. **Producer.** "Producer" means a person who ~~owns or manages a grain producing or growing operation and holds or shares the responsibility for marketing that grain produced~~ grows grain on land owned or leased by the person.

Sec. 46. Minnesota Statutes 2022, section 232.21, subdivision 12, is amended to read:

Subd. 12. **Public grain warehouse operator.** "Public grain warehouse operator" means: (1) a person licensed to operate ~~operating~~ a grain warehouse in which grain belonging to persons other than the grain warehouse operator is accepted for storage or purchase; ~~or;~~ (2) a person who offers grain storage or grain warehouse facilities to the public for hire; ~~or~~ (3) a feed-processing plant that receives and stores grain, the equivalent of which, it processes and returns to the grain's owner in amounts, at intervals, and with added ingredients that are mutually agreeable to the grain's owner and the person operating the plant.

Sec. 47. Minnesota Statutes 2022, section 232.21, subdivision 13, is amended to read:

Subd. 13. **Scale ticket.** "Scale ticket" means a memorandum ~~showing the weight, grade and kind of grain which~~ is issued by a grain elevator or warehouse operator to a depositor at the time the grain is delivered.

Sec. 48. **CREDIT MARKET REPORT REQUIRED.**

The commissioner of agriculture must convene a stakeholder working group to explore the state establishing a market for carbon credits, ecosystem services credits, or other credits generated by farmers who implement clean water, climate-smart, and soil-healthy farming practices. To the extent practicable, the stakeholder working group must include but is not limited to farmers; representatives of agricultural organizations; experts in geoscience, carbon storage, greenhouse gas modeling, and agricultural economics; industry representatives with experience in carbon markets and supply chain sustainability; and representatives of environmental organizations with expertise in carbon sequestration and agriculture. No later than February 1, 2025, the commissioner must report recommendations to the legislative committees with jurisdiction over agriculture. The commissioner must provide participating stakeholders an opportunity to include written testimony in the commissioner's report.

Sec. 49. **REPEALER.**

(a) Minnesota Statutes 2022, sections 3.7371, subdivision 7; and 34.07, are repealed.

(b) Minnesota Rules, parts 1506.0010; 1506.0015; 1506.0020; 1506.0025; 1506.0030; 1506.0035; and 1506.0040, are repealed.

ARTICLE 4
BROADBAND

Section 1. Minnesota Statutes 2022, section 116J.396, is amended by adding a subdivision to read:

Subd. 4. **Transfer.** The commissioner may transfer up to \$5,000,000 of a fiscal year appropriation between the border-to-border broadband program, low density population broadband program, and the broadband line extension program to meet demand.

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

Sec. 2. **BROADBAND DEVELOPMENT; APPLICATION FOR FEDERAL FUNDING; APPROPRIATION.**

(a) The commissioner of employment and economic development must prepare and submit an application to the United States Department of Commerce requesting State Digital Equity Capacity Grant Funding made available under Public Law 117-58, the Infrastructure Investment and Jobs Act.

(b) The amount awarded to Minnesota pursuant to the application submitted under paragraph (a) is appropriated to the commissioner of employment and economic development for purposes of the commissioner's Minnesota Digital Opportunity Plan."

Delete the title and insert:

"A bill for an act relating to state government; authorizing supplemental agriculture appropriations; modifying appropriations; providing broadband appropriation transfer authority; making policy and technical changes to agriculture provisions; establishing and modifying agriculture programs; requiring an application for federal broadband aid; requiring reports; appropriating money; amending Minnesota Statutes 2022, sections 3.7371, subdivisions 2, 3, by adding subdivisions; 17.133, subdivision 1; 18B.01, by adding a subdivision; 18B.26, subdivision 6; 18B.28, by adding a subdivision; 18B.305, subdivision 2; 18B.32, subdivisions 1, 3, 4, 5; 18B.33, subdivisions 1, 5, 6; 18B.34, subdivisions 1, 4; 18B.35, subdivision 1; 18B.36, subdivisions 1, 2; 18B.37, subdivisions 2, 3; 18C.005, subdivision 33, by adding subdivisions; 18C.115, subdivision 2; 18C.215, subdivision 1; 18C.221; 18C.70, subdivision 5; 18C.71, subdivision 4; 18C.80, subdivision 2; 18D.301, subdivision 1; 28A.10; 28A.21, subdivision 6; 31.74; 31.94; 32D.30; 41B.039, subdivision 2; 41B.04, subdivision 8; 41B.042, subdivision 4; 41B.043, subdivision 1b; 41B.045, subdivision 2; 41B.047, subdivision 1; 116J.396, by adding a subdivision; 223.17, subdivision 6; 232.21, subdivisions 3, 7, 11, 12, 13; Minnesota Statutes 2023 Supplement, sections 17.055, subdivision 3; 17.133, subdivision 3; 17.134, by adding a subdivision; 18C.421, subdivision 1; 18C.425, subdivision 6; 18K.06; 41A.19; Laws 2023, chapter 43, article 1, sections 2; 4; proposing coding for new law in Minnesota Statutes, chapters 18B; 18C; repealing Minnesota Statutes 2022, sections 3.7371, subdivision 7; 34.07; Minnesota Rules, parts 1506.0010; 1506.0015; 1506.0020; 1506.0025; 1506.0030; 1506.0035; 1506.0040."

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

The report was adopted.

Hansen, R., from the Committee on Environment and Natural Resources Finance and Policy to which was referred:

H. F. No. 3911, A bill for an act relating to natural resources; modifying grant terms for a previous appropriation for a grant to the Minnesota Aquatic Invasive Species Research Center; amending Laws 2023, chapter 60, article 1, section 3, subdivision 3.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
ENVIRONMENT AND NATURAL RESOURCES APPROPRIATIONS

Section 1. **POLLUTION CONTROL AGENCY; APPROPRIATIONS.**

(a) \$5,500,000 in fiscal year 2025 is appropriated from the general fund to the commissioner of the Pollution Control Agency for legal costs. This is a onetime appropriation and is available until June 30, 2027.

(b) \$525,000 in fiscal year 2025 is appropriated from the environmental fund to the commissioner of the Pollution Control Agency for the Operations Division legal services that support industrial compliance programs.

(c) \$2,975,000 in fiscal year 2025 is appropriated from the environmental fund to the commissioner of the Pollution Control Agency for prioritizing air regulatory program work in environmental justice areas. This appropriation is available until June 30, 2027. The base in fiscal year 2026 and thereafter is \$2,625,000.

(d) \$1,025,000 in fiscal year 2025 is appropriated from the environmental fund to the commissioner of the Pollution Control Agency to construct and operate a mobile emissions regulatory monitoring trailer. This appropriation is available until June 30, 2027. The base in fiscal year 2026 and thereafter is \$535,000.

(e) \$88,000 in fiscal year 2025 is appropriated from the environmental fund to the commissioner of the Pollution Control Agency to prepare a report on state agency salt purchases as required under Minnesota Statutes, section 116.2021.

(f) \$88,000 in fiscal year 2025 is appropriated from the environmental fund to the commissioner of the Pollution Control Agency to prepare a report on state agency nitrogen fertilizer purchases as required under Minnesota Statutes, section 116.2022.

(g) \$350,000 in fiscal year 2025 is appropriated from the environmental fund to the commissioner of the Pollution Control Agency to prepare and implement a strategy to analyze PFAS in sewage sludge prepared for land application as required in this act. This is a onetime appropriation.

(h) \$319,000 in fiscal year 2025 is appropriated from the environmental fund to the commissioner of the Pollution Control Agency for the Critical Materials Recovery Advisory Task Force required under this act. This is a onetime appropriation and is available until June 30, 2026.

(i) \$2,000,000 in fiscal year 2025 is appropriated from the environmental fund to the commissioner of the Pollution Control Agency to develop and establish a list of facilities under Minnesota Statutes, section 116.0718. This is a onetime appropriation and is available until June 30, 2026.

(j) \$1,000,000 in fiscal year 2025 is appropriated from the environmental fund to the commissioner of the Pollution Control Agency for the lawn and snow removal equipment electrification rebate program under Minnesota Statutes, section 116.996. This is a onetime appropriation and is available until June 30, 2027.

(k) Of the amount appropriated under Laws 2023, chapter 60, article 1, section 2 subdivision 2, paragraph (k), for a climate resiliency and water infrastructure grant program, up to \$5,000,000 may be used to supplement any federal grant that the commissioner receives under the United States Environmental Protection Agency's Climate Pollution Reduction Grant (CPRG) program.

(l) The amount remaining from the appropriation under Laws 2023, chapter 60, article 1, section 2, subdivision 7, paragraph (u), for rulemaking to provide safe disposal of waste treated seeds may be transferred to the commissioner of agriculture for purposes of implementing Minnesota Statutes, section 21.86, subdivision 2, and is available until June 30, 2026.

(m) Any unspent portion of the appropriation under Laws 2023, chapter 60, article 1, section 2, subdivision 2, paragraph (t), remaining after the PFAS manufacturers fee work group report has been submitted to the legislature must be used for the PFAS removal report required under this act and is available until June 30, 2025.

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

Sec. 2. **DEPARTMENT OF NATURAL RESOURCES; APPROPRIATIONS AND TRANSFERS.**

(a) \$1,300,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of natural resources for legal costs. This is a onetime appropriation and is available until June 30, 2025.

(b) \$200,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of natural resources for public safety response costs.

(c) \$7,000 in fiscal year 2025 is appropriated from the general fund to the commissioner of natural resources for a report on the expenditure of money during fiscal years 2024 and 2025 authorized under Minnesota Statutes, section 84.943. The commissioner must submit the report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over environment and natural resources by January 15, 2026. This is a onetime appropriation and is available until June 30, 2026.

(d) \$200,000 in fiscal year 2025 is appropriated from the general fund to the commissioner of natural resources to prepare and submit a report on reopening General C. C. Andrews State Nursery to provide conservation-grade container seedlings to meet the state's reforestation needs. The report must be submitted to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over environment and natural resources by January 15, 2025, and include funding recommendations and any statutory changes necessary to reopen the nursery and produce the seedlings. This is a onetime appropriation.

(e) \$2,600,000 in fiscal year 2024 is appropriated to the commissioner of natural resources to support development and implementation of a modern licensing system. Of this amount, \$330,000 is from the water recreation account; \$80,000 is from the snowmobile account; \$204,000 is from the all-terrain vehicle account; \$7,000 is from the off-highway motorcycle account; \$4,000 is from the off-road vehicle account; and \$1,975,000 is from the game and fish fund. This appropriation is available until June 30, 2026.

(f) \$300,000 in fiscal year 2025 is appropriated to the commissioner of natural resources to maintain current law enforcement service levels. Of this amount, \$30,000 is from the water recreation account; \$15,000 is from the all-terrain vehicle account; and \$255,000 is from the game and fish fund. The base for fiscal year 2026 and thereafter is \$1,080,000, and of this amount, \$108,000 is from the water recreation account; \$54,000 is from the all-terrain vehicle account; and \$918,000 is from the game and fish fund.

(g) \$30,000 in fiscal year 2025 is appropriated from the game and fish fund to the commissioner of natural resources to test source water at state fish hatcheries and for reporting required under Minnesota Statutes, section 97C.202.

(h) \$4,000,000 in fiscal year 2025 is appropriated from the natural resources fund to the commissioner of natural resources to plant trees in state parks and state recreation areas. This appropriation is from revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (h), clause (2). This is a onetime appropriation and is available until June 30, 2026.

(i) Notwithstanding Minnesota Statutes, section 297A.94, \$3,400,000 in fiscal year 2025 is appropriated from the heritage enhancement account in the game and fish fund to the commissioner of natural resources for community tree-planting grants under Minnesota Statutes, section 84.705. Of this amount, \$300,000 is for a grant to the city of Northfield and \$300,000 is for a grant to the city of St. Peter. This is a onetime appropriation and is available until June 30, 2026.

(j) \$700,000 in fiscal year 2025 is appropriated from the heritage enhancement account in the game and fish fund to the commissioner of natural resources for implementation of feral swine and fur farm requirements under this act. The base for this appropriation in fiscal year 2026 and thereafter is \$550,000.

(k) \$1,500,000 in fiscal year 2025 is appropriated from the all-terrain vehicle account in the natural resources fund to the commissioner of natural resources for the grant-in-aid program under Minnesota Statutes, section 84.927, subdivision 2, paragraph (a), clause (4). This amount is a onetime addition to the base for fiscal year 2025. For fiscal year 2026 and thereafter, \$200,000 is added to the base.

(l) \$1,200,000 in fiscal year 2025 is appropriated from the all-terrain vehicle account in the natural resources fund to the commissioner of natural resources for a grant to St. Louis County to construct and maintain the Prospector Loop all-terrain vehicle trail system. This is a onetime appropriation and is available until June 30, 2028.

(m) \$100,000 in fiscal year 2025 is appropriated from the off-road vehicle account in the natural resources fund to the commissioner of natural resources to amend rules, place signs, and implement the changes to off-highway vehicle operations on state lands required in this act. This is a onetime appropriation and is available until June 30, 2026.

(n) Notwithstanding Minnesota Statutes, section 297A.94, paragraph (j), \$400,000 in fiscal year 2025 is appropriated from the natural resources fund to the commissioner of natural resources for a grant to the city of South St. Paul to predesign and design a new swimming pool and aquatics center. This appropriation is from revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (j). This is a onetime appropriation and is available until June 30, 2028.

(o) \$300,000 in fiscal year 2025 is appropriated from the natural resources fund to the commissioner of natural resources for grants to be divided equally between the city of St. Paul for the Como Park Zoo and Conservatory and the city of Duluth for the Lake Superior Zoo for purposes of planting trees within the zoos. This appropriation is from revenue deposited to the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (h), clause (5). This is a onetime appropriation and is available until June 30, 2026.

(p) \$417,000 in fiscal year 2025 is transferred from the forest suspense account to the permanent school fund and appropriated from the permanent school fund to the commissioner of natural resources for the school trust lands director to conduct the study of the recreational use of school trust lands required under this act. This is a onetime appropriation and is available until June 30, 2026.

(q) Up to \$3,148,000 in fiscal year 2025 is available for transfer from the critical habitat private sector matching account to the reinvest in Minnesota fund for the commissioner of natural resources to convert corn plots to native vegetation, including but not limited to trees. The commissioner may quantify carbon sequestration achieved under Minnesota Statutes, section 84.9736, and this transfer. The base for this transfer is \$0 in fiscal year 2028 and beyond.

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

Sec. 3. **BOARD OF WATER AND SOIL RESOURCES; APPROPRIATIONS.**

(a) \$1,337,000 in fiscal year 2025 is appropriated from the general fund to the Board of Water and Soil Resources for the lawns to legumes program under Minnesota Statutes, section 103B.104. The board may enter into agreements with local governments, Metro Blooms, and other organizations to support this effort. This is a onetime appropriation and is available until June 30, 2027.

(b) \$286,000 in fiscal year 2025 is appropriated from the general fund to the Board of Water and Soil Resources for implementation of the drain tile seller's disclosure requirements under Minnesota Statutes, section 103F.49, and for educational efforts and demonstration projects consistent with the duties to manage the public drainage manual and work group under Minnesota Statutes, section 103B.101, subdivision 13. This is a onetime appropriation and is available until June 30, 2026. The base for this appropriation in fiscal year 2026 and thereafter is \$325,000.

Sec. 4. **METROPOLITAN COUNCIL; APPROPRIATIONS.**

(a) \$8,000,000 in fiscal year 2025 is appropriated from the general fund to the Metropolitan Council for community tree-planting grants under Minnesota Statutes, section 473.355. Of this amount, \$600,000 is for a grant to the city of South St. Paul. This is a onetime appropriation and is available until June 30, 2026.

(b) \$400,000 in fiscal year 2025 is appropriated from the general fund to the Metropolitan Council for a grant to the city of St. Paul Park to replace a pedestrian bridge in Lions Levee Park. This is a onetime appropriation and is available until June 30, 2027.

(c) \$3,400,000 in fiscal year 2025 is appropriated from the natural resources fund to the Metropolitan Council for grants to implementing agencies to plant trees within the metropolitan-area regional parks and trails system. This appropriation is from revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (h), clause (3). This is a onetime appropriation and is available until June 30, 2026.

Sec. 5. **ZOOLOGICAL BOARD; APPROPRIATION.**

\$150,000 in fiscal year 2025 is appropriated from the natural resources fund to the Minnesota Zoological Board to plant trees at the Minnesota Zoological Garden. This appropriation is from revenue deposited under Minnesota Statutes, section 297A.94, paragraph (h), clause (5). This is a onetime appropriation and is available until June 30, 2026.

Sec. 6. **APPROPRIATION EXTENSIONS.**

(a) The appropriation in Laws 2023, chapter 60, article 1, section 2, subdivision 2, paragraph (m), for a grant to Rice County to address water-quality concerns at French Lake is available until June 30, 2025.

(b) The appropriations in Laws 2023, chapter 60, article 1, section 3, subdivision 3, paragraph (j), for grants to the Minnesota Aquatic Invasive Species Research Center at the University of Minnesota for research-based solutions to reduce the effect of aquatic invasive species are available as follows: the general fund appropriations are available until June 30, 2025, and the heritage enhancement account appropriations are available until June 30, 2026.

(c) The appropriation in Laws 2023, chapter 60, article 1, section 3, subdivision 5, paragraph (o), for a grant to Dakota County for improvements to the Swing Bridge Trailhead and historic Rock Island Swing Bridge is available until June 30, 2025.

(d) The appropriation in Laws 2023, chapter 60, article 1, section 3, subdivision 5, paragraph (p), for a grant to Dakota County for adding a public boat launch along the Mississippi River is available until June 30, 2025.

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

Sec. 7. Laws 2023, chapter 60, article 1, section 3, subdivision 10, is amended to read:

Subd. 10. Get Out MORE (Modernizing Outdoor Recreation Experiences)	110,000,000	-0-
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(a) \$110,000,000 the first year is for modernizing Minnesota's state-managed outdoor recreation experiences. Of this amount:

(1) \$25,000,000 is for enhancing access and welcoming new users to public lands and outdoor recreation facilities, including improvements to improve climate resiliency;

(2) \$5,000,000 is for modernizing camping and related infrastructure, including improvements to improve climate resiliency;

(3) \$35,000,000 is for modernizing fish hatcheries and fishing infrastructure. Of this amount, up to \$366,000 is for installing continuous water-quality monitoring devices;

(4) \$10,000,000 is for restoring streams and modernizing water-related infrastructure with priority given to fish habitat improvements, dam removal, and improvements to improve climate resiliency; and

(5) \$35,000,000 is for modernizing boating access.

(b) Priority for money allocated under paragraph (a), clauses (1), (3), (4), and (5), must be given to projects where communities are currently underserved.

(c) The commissioner may reallocate money appropriated in paragraph (a) across those purposes based on project readiness and priority. The appropriations in paragraph (a) are available until June 30, 2029.

(d) No later than November 30 each year, the commissioner must provide a progress report on the expenditure of money appropriated under this subdivision to the chairs of the legislative committees with jurisdiction over environment and natural resources finance.

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

ARTICLE 2
POLLUTION CONTROL

Section 1. Minnesota Statutes 2022, section 16A.152, subdivision 1b, is amended to read:

Subd. 1b. **Budget reserve level.** (a) The commissioner of management and budget shall calculate the budget reserve level by multiplying the current biennium's general fund nondedicated revenues and the most recent budget reserve percentage under subdivision 8.

(b) If, on the basis of a November forecast of general fund revenues and expenditures, the commissioner of management and budget determines that there will be a positive unrestricted general fund balance at the close of the biennium and that the provisions of subdivision 2, paragraph (a), clauses (1), (2), (3), ~~and (4)~~, (5), and (6), are satisfied, the commissioner shall transfer to the budget reserve account in the general fund the amount necessary to increase the budget reserve to the budget reserve level determined under paragraph (a). The amount of the transfer authorized in this paragraph shall not exceed 33 percent of the positive unrestricted general fund balance determined in the forecast.

Sec. 2. Minnesota Statutes 2023 Supplement, section 16A.152, subdivision 2, is amended to read:

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

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

(2) the budget reserve account established in subdivision 1a until that account reaches \$2,852,098,000;

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

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

(5) the amount necessary to replace any money spent or transferred from the closed landfill investment fund established in section 115B.421 for purposes other than the purposes provided under sections 115B.39 to 115B.44 that has not been replaced; and

(6) the amount necessary to replace any money spent or transferred from the metropolitan landfill contingency action trust account for purposes other than the purposes provided under section 473.845 that has not been replaced.

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

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

Sec. 3. Minnesota Statutes 2023 Supplement, section 115.03, subdivision 1, is amended to read:

Subdivision 1. **Generally.** (a) The commissioner is given and charged with the following powers and duties:

- (1) to administer and enforce all laws relating to the pollution of any of the waters of the state;
- (2) to investigate the extent, character, and effect of the pollution of the waters of this state and to gather data and information necessary or desirable in the administration or enforcement of pollution laws, and to make such classification of the waters of the state as it may deem advisable;
- (3) to establish and alter such reasonable pollution standards for any waters of the state in relation to the public use to which they are or may be put as it shall deem necessary for the purposes of this chapter and, with respect to the pollution of waters of the state, chapter 116;
- (4) to encourage waste treatment, including advanced waste treatment, instead of stream low-flow augmentation for dilution purposes to control and prevent pollution;
- (5) to adopt, issue, reissue, modify, deny, ~~or~~ revoke, reopen, enter into, or enforce reasonable orders, permits, variances, standards, rules, schedules of compliance, and stipulation agreements, under such conditions as it may prescribe, in order to prevent, control or abate water pollution, or for the installation or operation of disposal systems or parts thereof, or for other equipment and facilities:
 - (i) requiring the discontinuance of the discharge of sewage, industrial waste or other wastes into any waters of the state resulting in pollution in excess of the applicable pollution standard established under this chapter;
 - (ii) prohibiting or directing the abatement of any discharge of sewage, industrial waste, or other wastes, into any waters of the state or the deposit thereof or the discharge into any municipal disposal system where the same is likely to get into any waters of the state in violation of this chapter and, with respect to the pollution of waters of the state, chapter 116, or standards or rules promulgated or permits issued pursuant thereto, and specifying the schedule of compliance within which such prohibition or abatement must be accomplished;
 - (iii) prohibiting the storage of any liquid or solid substance or other pollutant in a manner which does not reasonably assure proper retention against entry into any waters of the state that would be likely to pollute any waters of the state;
 - (iv) requiring the construction, installation, maintenance, and operation by any person of any disposal system or any part thereof, or other equipment and facilities, or the reconstruction, alteration, or enlargement of its existing disposal system or any part thereof, or the adoption of other remedial measures to prevent, control or abate any discharge or deposit of sewage, industrial waste or other wastes by any person;
 - (v) establishing, and from time to time revising, standards of performance for new sources taking into consideration, among other things, classes, types, sizes, and categories of sources, processes, pollution control technology, cost of achieving such effluent reduction, and any nonwater quality environmental impact and energy requirements. Said standards of performance for new sources shall encompass those standards for the control of the discharge of pollutants which reflect the greatest degree of effluent reduction which the agency determines to be achievable through application of the best available demonstrated control technology, processes, operating methods, or other alternatives, including, where practicable, a standard permitting no discharge of pollutants. New sources shall encompass buildings, structures, facilities, or installations from which there is or may be the discharge of pollutants, the construction of which is commenced after the publication by the agency of proposed rules prescribing a standard of performance which will be applicable to such source. Notwithstanding any other provision of the law of this state, any point source the construction of which is commenced after May 20, 1973, and which is so

constructed as to meet all applicable standards of performance for new sources shall, consistent with and subject to the provisions of section 306(d) of the Amendments of 1972 to the Federal Water Pollution Control Act, not be subject to any more stringent standard of performance for new sources during a ten-year period beginning on the date of completion of such construction or during the period of depreciation or amortization of such facility for the purposes of section 167 or 169, or both, of the Federal Internal Revenue Code of 1954, whichever period ends first. Construction shall encompass any placement, assembly, or installation of facilities or equipment, including contractual obligations to purchase such facilities or equipment, at the premises where such equipment will be used, including preparation work at such premises;

(vi) establishing and revising pretreatment standards to prevent or abate the discharge of any pollutant into any publicly owned disposal system, which pollutant interferes with, passes through, or otherwise is incompatible with such disposal system;

(vii) requiring the owner or operator of any disposal system or any point source to establish and maintain such records, make such reports, install, use, and maintain such monitoring equipment or methods, including where appropriate biological monitoring methods, sample such effluents in accordance with such methods, at such locations, at such intervals, and in such a manner as the agency shall prescribe, and providing such other information as the agency may reasonably require;

(viii) notwithstanding any other provision of this chapter, and with respect to the pollution of waters of the state, chapter 116, requiring the achievement of more stringent limitations than otherwise imposed by effluent limitations in order to meet any applicable water quality standard by establishing new effluent limitations, based upon section 115.01, subdivision 13, clause (b), including alternative effluent control strategies for any point source or group of point sources to insure the integrity of water quality classifications, whenever the agency determines that discharges of pollutants from such point source or sources, with the application of effluent limitations required to comply with any standard of best available technology, would interfere with the attainment or maintenance of the water quality classification in a specific portion of the waters of the state. Prior to establishment of any such effluent limitation, the agency shall hold a public hearing to determine the relationship of the economic and social costs of achieving such limitation or limitations, including any economic or social dislocation in the affected community or communities, to the social and economic benefits to be obtained and to determine whether or not such effluent limitation can be implemented with available technology or other alternative control strategies. If a person affected by such limitation demonstrates at such hearing that, whether or not such technology or other alternative control strategies are available, there is no reasonable relationship between the economic and social costs and the benefits to be obtained, such limitation shall not become effective and shall be adjusted as it applies to such person;

(ix) modifying, in its discretion, any requirement or limitation based upon best available technology with respect to any point source for which a permit application is filed after July 1, 1977, upon a showing by the owner or operator of such point source satisfactory to the agency that such modified requirements will represent the maximum use of technology within the economic capability of the owner or operator and will result in reasonable further progress toward the elimination of the discharge of pollutants; ~~and~~

(x) requiring that applicants for wastewater discharge permits evaluate in their applications the potential reuses of the discharged wastewater; and

(xi) when appropriate, requiring parties who enter into a negotiated agreement to settle an enforcement matter with the agency to reimburse the agency according to this clause for oversight costs that are incurred by the agency and associated with implementing the negotiated agreement, including oversight costs exceeding \$25,000. Oversight costs may include but are not limited to any costs associated with inspections, sampling, monitoring, modeling, risk assessment, permit writing, engineering review, economic analysis and review, and other record or document review. The agency's legal and litigation costs are not covered by this clause. In addition to settlement agreements, the commissioner has discretion as to whether to apply this clause in cases when the agency is using

schedules of compliance to bring a class of regulated parties into compliance. Oversight funds reimbursed under this item are to be deposited in a settlement oversight reimbursement account established in the environmental fund. The commissioner shall manage the account. Earnings, such as interest, dividends, and any other earnings arising from assets of the account, must be credited to the account. Funds remaining in the account at the end of a fiscal year remain in the account. Money in the account is appropriated to the commissioner for the purposes of the environmental fund;

(6) to require to be submitted and to approve plans and specifications for disposal systems or point sources, or any part thereof and to inspect the construction thereof for compliance with the approved plans and specifications thereof;

(7) to prescribe and alter rules, not inconsistent with law, for the conduct of the agency and other matters within the scope of the powers granted to and imposed upon it by this chapter and, with respect to pollution of waters of the state, in chapter 116, provided that every rule affecting any other department or agency of the state or any person other than a member or employee of the agency shall be filed with the secretary of state;

(8) to conduct such investigations, issue such notices, public and otherwise, and hold such hearings as are necessary or which it may deem advisable for the discharge of its duties under this chapter and, with respect to the pollution of waters of the state, under chapter 116, including, but not limited to, the issuance of permits, and to authorize any member, employee, or agent appointed by it to conduct such investigations or, issue such notices and hold such hearings;

(9) for the purpose of water pollution control planning by the state and pursuant to the Federal Water Pollution Control Act, as amended, to establish and revise planning areas, adopt plans and programs and continuing planning processes, including, but not limited to, basin plans and areawide waste treatment management plans, and to provide for the implementation of any such plans by means of, including, but not limited to, standards, plan elements, procedures for revision, intergovernmental cooperation, residual treatment process waste controls, and needs inventory and ranking for construction of disposal systems;

(10) to train water pollution control personnel and charge training fees as are necessary to cover the agency's costs. All such fees received must be paid into the state treasury and credited to the Pollution Control Agency training account;

(11) to provide chloride reduction training and charge training fees as necessary to cover the agency's costs not to exceed \$350. All training fees received must be paid into the state treasury and credited to the Pollution Control Agency training account;

(12) to impose as additional conditions in permits to publicly owned disposal systems appropriate measures to insure compliance by industrial and other users with any pretreatment standard, including, but not limited to, those related to toxic pollutants, and any system of user charges ratably as is hereby required under state law or said Federal Water Pollution Control Act, as amended, or any regulations or guidelines promulgated thereunder;

(13) to set a period not to exceed five years for the duration of any national pollutant discharge elimination system permit or not to exceed ten years for any permit issued as a state disposal system permit only;

(14) to require each governmental subdivision identified as a permittee for a wastewater treatment works to evaluate in every odd-numbered year the condition of its existing system and identify future capital improvements that will be needed to attain or maintain compliance with a national pollutant discharge elimination system or state disposal system permit; ~~and~~

(15) to train subsurface sewage treatment system personnel, including persons who design, construct, install, inspect, service, and operate subsurface sewage treatment systems, and charge fees as necessary to pay the agency's costs. All fees received must be paid into the state treasury and credited to the agency's training account. Money in the account is appropriated to the agency to pay expenses related to training; and

(16) to encourage practices that enable the recovery and use of waste heat from wastewater treatment operations.

(b) The information required in paragraph (a), clause (14), must be submitted in every odd-numbered year to the commissioner on a form provided by the commissioner. The commissioner shall provide technical assistance if requested by the governmental subdivision.

(c) The powers and duties given the agency in this subdivision also apply to permits issued under chapter 114C.

Sec. 4. Minnesota Statutes 2022, section 115.071, subdivision 1, is amended to read:

Subdivision 1. **Remedies available.** The provisions of sections 103F.701 to 103F.755, this chapter and chapters 114C, 115A, and 116, and sections 325E.10 to 325E.1251 and 325E.32 and all rules, standards, orders, stipulation agreements, schedules of compliance, and permits adopted or issued by the agency thereunder or under any other law now in force or hereafter enacted for the prevention, control, or abatement of pollution may be enforced by any one or any combination of the following: criminal prosecution; action to recover civil penalties; injunction; action to compel or cease performance; or other appropriate action, in accordance with the provisions of said chapters and this section.

Sec. 5. Minnesota Statutes 2022, section 115.071, subdivision 3, is amended to read:

Subd. 3. **Civil penalties.** (a) Any person who violates any provision of this chapter or chapter 114C or 116, except any provisions of chapter 116 relating to air and land pollution caused by agricultural operations ~~which that~~ do not involve national pollutant discharge elimination system permits, or of (1) any effluent standards and limitations or water quality standards, (2) any permit or term or condition thereof, (3) any national pollutant discharge elimination system filing requirements, (4) any duty to permit or carry out inspection, entry or monitoring activities, or (5) any rules, stipulation agreements, variances, schedules of compliance, or orders issued by the agency, ~~shall forfeit forfeits~~ and must pay to the state a penalty, in an amount to be determined by the court, of not more than ~~\$10,000~~ \$70,000 per day of violation, except that if the violation relates to hazardous waste, the person ~~shall forfeit forfeits~~ and must pay to the state a penalty, in an amount to be determined by the court, of not more than ~~\$25,000~~ \$80,000 per day of violation.

(b) A person who commits a violation subject to paragraph (a) within 36 months of a previous violation that was also subject to paragraph (a) forfeits and must pay to the state a penalty, in an amount to be determined by the court, that is at least ten percent higher per day of violation than the penalty amount assessed for the most recent violation.

(c) In addition, in the discretion of the court, the defendant may be required to:

~~(a)~~ (1) forfeit and pay to the state a sum which will adequately compensate the state for the reasonable value of cleanup and other expenses directly resulting from unauthorized discharge of pollutants, whether or not accidental; and

~~(b)~~ (2) forfeit and pay to the state an additional sum to constitute just compensation for any loss or destruction to wildlife, fish or other aquatic life and for other actual damages to the state caused by an unauthorized discharge of pollutants.

(d) As a defense to any of said damages, the defendant may prove that the violation was caused solely by (1) an act of God, (2) an act of war, (3) negligence on the part of the state of Minnesota, or (4) an act or failure to act which constitutes sabotage or vandalism, or any combination of the foregoing clauses.

(e) The civil penalties and damages provided for in this subdivision may be recovered by a civil action brought by the attorney general or any person in the name of the state.

Sec. 6. Minnesota Statutes 2022, section 115.071, subdivision 4, is amended to read:

Subd. 4. **Injunctions.** Any violation of the provisions, rules, standards, orders, stipulation agreements, variances, schedules of compliance, or permits specified in this chapter and chapters 114C and 116 ~~shall constitute~~ constitutes a public nuisance and may be enjoined as provided by law in an action, in the name of the state, brought by the attorney general or any person injured by such violation. Injunctive relief under this subdivision may include but is not limited to a requirement that a facility or person immediately cease operation or activities until such time as the commissioner has reasonable assurance that renewed operation or activities will not violate state pollution requirements, cause harm to human health, or result in a serious violation of an applicable permit.

Sec. 7. Minnesota Statutes 2022, section 115.071, is amended by adding a subdivision to read:

Subd. 8. **Stipulation agreements.** If a party to a stipulation agreement asserts a good cause or force majeure claim for an extension of time to comply with a stipulated term, the commissioner may deny the extension if the assertion is based solely on increased costs.

Sec. 8. Minnesota Statutes 2022, section 115.071, is amended by adding a subdivision to read:

Subd. 9. **Compliance when required permit not obtained.** The commissioner may require a person or facility that fails to obtain a required permit to comply with any terms of a permit that would have been issued had the person or facility obtained a permit, including but not limited to reporting, monitoring, controlling pollutant discharge, and creating and implementing operations and maintenance plans. The person or facility is subject to liability and penalties, including criminal liability, for failing to operate in compliance with a permit not obtained beginning at the time a permit should have been obtained.

Sec. 9. Minnesota Statutes 2022, section 115A.02, is amended to read:

115A.02 LEGISLATIVE DECLARATION OF POLICY; PURPOSES.

(a) It is the goal of this chapter to protect the state's land, air, water, and other natural resources and the public health by improving waste management in the state to serve the following purposes:

- (1) reduction in the amount and toxicity of waste generated;
- (2) separation and recovery of materials and energy from waste;
- (3) reduction in indiscriminate dependence on disposal of waste;
- (4) coordination of solid waste management among political subdivisions; and
- (5) orderly and deliberate development and financial security of waste facilities including disposal facilities.

(b) The waste management goal of the state is to foster an integrated waste management system in a manner appropriate to the characteristics of the waste stream and thereby protect the state's land, air, water, and other natural resources and the public health. The following waste management practices are in order of preference:

- (1) waste reduction and reuse;
- (2) waste recycling;
- (3) composting of source-separated compostable materials, including but not limited to, yard waste and food waste;
- (4) resource recovery through mixed municipal solid waste composting or incineration;
- (5) land disposal which produces no measurable methane gas or which involves the retrieval of methane gas as a fuel for the production of energy to be used on site or for sale; and
- (6) land disposal which produces measurable methane and which does not involve the retrieval of methane gas as a fuel for the production of energy to be used on site or for sale.

(c) As a means of accomplishing state waste management goals with respect to surplus food and food waste, the following waste management practices are in order of preference:

- (1) waste reduction at the source;
- (2) upcycling or donating for human consumption;
- (3) diverting for consumption by animals or leaving crops unharvested;
- (4) composting or anaerobic digestion when the biogas and digestate are not disposed of but are used as a salable product; and
- (5) anaerobic digestion when the biogas is used as a salable product but the digestate is disposed of or land application of surplus food and food waste.

(d) For the purposes of this section, the following terms have the meanings given:

- (1) "anaerobic digestion" means a process through which microorganisms break down organic material in the absence of oxygen and generate biogas and digestate;
- (2) "biogas" means a gas that is produced when organic materials decompose and is primarily composed of methane and carbon dioxide;
- (3) "composting" means controlled, aerobic biological decomposition of organic material to produce a nutrient-rich material;
- (4) "digestate" means the solid or liquid residual material remaining after the anaerobic digestion process has been completed;
- (5) "food" means any raw, cooked, processed, or prepared substance, beverage, or ingredient used or intended for human consumption;

(6) "food scraps" means inedible food, trimmings from preparing food, surplus food that is not donated, and food-processing waste. Food scraps does not include used cooking oil, grease, or any food that is subject to a recall;

(7) "food waste" means all discarded food, food subject to governmental or producer recall due to food safety, and food scraps;

(8) "land application of food waste" means the direct application of food waste from food manufacturing or processing activities onto or below the surface of the land to enhance soil health;

(9) "leaving crops unharvested" means not harvesting crops that are otherwise ready for harvesting and instead leaving them in the field or tilling them into the soil;

(10) "surplus food" means food that is not sold or used and that is still safe to be consumed. Surplus food does not include food damaged by pests, mold, bacteria, or other contamination or food subject to governmental or producer recall due to food safety; and

(11) "upcycling" means capturing, processing, and remaking parts of food and food scraps into new food products for human consumption when the parts of food and food scraps are safe for human consumption and would have been otherwise managed.

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

Sec. 10. Minnesota Statutes 2022, section 115A.03, is amended by adding a subdivision to read:

Subd. 10d. Finished sewage sludge product. "Finished sewage sludge product" means a fertilizer product consisting in whole or in part of sewage sludge that is disinfected by means of composting, pasteurization, wet air oxidation, heat treatment, or other means and sold to the public.

Sec. 11. **[115A.1416] BOAT WRAP PRODUCT STEWARDSHIP PROGRAM.**

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

(b) "Boat" has the meaning given to watercraft under section 86B.005, subdivision 18.

(c) "Boat wrap" means low-density polyethylene plastic that is used to wrap around a boat to protect it against moisture and damage from other potentially harmful elements during storage.

(d) "Brand" means a name, symbol, word, or mark that identifies boat wrap and attributes it to the boat wrap producer.

(e) "Producer" means:

(1) a manufacturer of boat wrap sold under the manufacturer's own brand; or

(2) the owner or licensee of a brand of boat wrap that is manufactured by others.

(f) "Recycle" or "recycling" means the process of transforming boat wrap through mechanical processes into a finished product for use or into a new material capable of being processed into a finished product. Recycle or recycling does not include:

(1) altering the chemical structure of boat wrap;

(2) using boat wrap as or processing boat wrap into a feedstock to produce transportation fuels or plastics; or

(3) destroying boat wrap by incineration or other processes.

(g) "Retailer" means a person that offers boat wrap for sale at retail in or into this state.

(h) "Stewardship organization" means an organization designated by one or more producers to act on their behalf as an agent to design, submit, and implement a product stewardship plan under this section.

Subd. 2. Product stewardship program. A producer selling or offering boat wrap for sale in or into this state must, through membership in a stewardship organization, implement and finance a statewide product stewardship program to reduce the volume of boat wrap disposed of in landfills by promoting and providing for the negotiation and execution of agreements to collect, transport, and recycle boat wrap.

Subd. 3. Participation required to sell. (a) On and after July 1, 2025, or, for boat wrap brands not sold in or into this state before that date, no later than three months after a producer's stewardship plan is approved by the commissioner under this section, no producer, wholesaler, or retailer may sell or offer boat wrap for sale in or into this state unless the producer participates in an approved stewardship plan through a stewardship organization.

(b) Each producer must enter into an agreement with a stewardship organization to operate, on the producer's behalf, a product stewardship program approved by the commissioner.

(c) All producers offering boat wrap for sale in or into this state must become a member of a single stewardship organization implementing a single stewardship plan.

Subd. 4. Stewardship plan required. On or before March 1, 2025, and before first offering boat wrap for sale in or into this state, a producer must submit a stewardship plan to the commissioner or must submit documentation to the commissioner demonstrating that the producer has entered into an agreement with a stewardship organization to be an active participant in a product stewardship program approved by the commissioner under subdivision 7. A stewardship plan must include all elements required under subdivision 5.

Subd. 5. Plan content. A stewardship plan must contain:

(1) contact information for the individual and the entity submitting the plan, a list of all producers participating in the product stewardship program, and the brands of boat wrap included in the product stewardship program;

(2) certification that the product stewardship program will accept all discarded boat wrap regardless of who produced it;

(3) a description of methods by which boat wrap will be collected in all areas of the state without relying on end-of-life fees paid by boat wrap purchasers, including an explanation of how the collection system will be convenient and adequate to serve the needs of boat owners, marinas, and boat storage establishments in both urban and rural areas on an ongoing basis and a discussion of how existing marinas, boat storage establishments, and sites designated as recycling centers under section 115A.555 will be considered when selecting collection sites;

(4) a description of how the performance of the collection and recycling program will be measured, monitored, and maintained;

(5) the names and locations of collectors, transporters, and recyclers that will manage discarded boat wrap;

(6) a description of how discarded boat wrap will be safely and securely transported, tracked, and handled from collection through final recycling and disposal;

(7) a description of the methods that will be used to separate and manage nonrecyclable materials attached to boat wrap and to recycle discarded boat wrap;

(8) a description of:

(i) the promotion and outreach activities that will be undertaken to encourage participation in the boat wrap collection and recycling programs and how their effectiveness will be evaluated; and

(ii) the process that will be followed to modify the program, when necessary;

(9) the annual performance goals established by the commissioner under subdivision 12;

(10) evidence of adequate insurance and financial assurance that may be required for collection, handling, and disposal operations; and

(11) a discussion of the status of end markets for collected boat wrap and what, if any, additional end markets are needed to improve the functioning of the program.

Subd. 6. Consultation required. In developing a stewardship plan, a stewardship organization or individual producer submitting a stewardship plan must consult with stakeholders, including boat owners, owners of marinas and boat storage establishments, contractors, collectors, recyclers, and local units of government.

Subd. 7. Agency review and approval. (a) Within 90 days after receiving a proposed stewardship plan, the commissioner must determine whether the plan complies with subdivision 5. If the commissioner approves a plan, the commissioner must notify the applicant of the plan approval in writing. If the commissioner rejects a plan, the commissioner must notify the applicant in writing of the reasons for rejection. An applicant whose plan is rejected by the commissioner must submit a revised plan to the commissioner within 60 days after receiving notice of rejection. If a revised plan is rejected by the commissioner, the commissioner may elect to write a plan that the applicant must implement.

(b) A stewardship organization is responsible for notifying the commissioner of any proposed changes or modifications to the plan or its implementation. A written plan revision must be submitted to the commissioner for review and may not be implemented without written approval from the commissioner.

(c) A stewardship organization may operate under an approved stewardship plan for five years.

(d) Six months before an approved stewardship plan expires, a stewardship organization must submit a new plan for commissioner approval that meets the requirements of this section. The commissioner must review the new plan according to this subdivision.

Subd. 8. Plan availability. The commissioner must make a draft stewardship plan available on the agency's website and at the agency's headquarters for public review and comment at least 30 days before the commissioner's decision regarding plan approval. The commissioner must make an approved stewardship plan available on the agency's website and at the agency's headquarters.

Subd. 9. **Conduct authorized.** A stewardship organization that organizes collection, transport, and recycling of boat wrap under this section is immune from liability for conduct under state laws relating to antitrust, restraint of trade, unfair trade practices, and other regulation of trade or commerce only to the extent that the conduct is necessary to plan and implement the producer's or organization's chosen organized collection or recycling program.

Subd. 10. **Stewardship organization responsibilities.** A stewardship organization must provide boat wrap purchasers with educational materials regarding the product stewardship program. The materials must include, but are not limited to, information regarding available end-of-life management options for boat wrap offered through the product stewardship program.

Subd. 11. **Retailer responsibilities.** (a) A retailer is responsible for reviewing the list of compliant producers on the agency's website, maintained under subdivision 12, to determine whether a producer is compliant with this section.

(b) A retailer or wholesaler of boat wrap is not in violation of this subdivision if, on the date the boat wrap was ordered from a producer or wholesaler, the producer was listed as compliant on the agency's website.

(c) A retailer may elect to participate as a designated point where boat wrap is collected as part of a product stewardship program approved under this section and in accordance with applicable law.

Subd. 12. **Agency responsibilities.** (a) The commissioner must maintain on the agency website a list of all compliant producers and brands participating in stewardship plans that the commissioner has approved and a list of all producers and brands the commissioner has identified as noncompliant with this section.

(b) The commissioner must, in consultation with the stewardship organization, establish annual performance goals regarding the percentage and weight of boat wrap collected and recycled that the stewardship organization must incorporate into its stewardship plan and meet annually. The goals must increase each year. By the end of the fifth year of the initial product stewardship plan approved by the commissioner, no less than 50 percent of the total weight of boat wrap sold in this state must be collected and recycled, and by the end of the fifth year of the second product stewardship plan, no less than 80 percent of the total weight of boat wrap sold in this state must be collected and recycled. The performance goals, whose derivation must be described, must be based on:

(1) the most recent collection data available for the state;

(2) the estimated weight of boat wrap discarded annually; and

(3) actual collection data from boat wrap recycling or stewardship programs operating in other states.

Subd. 13. **Administrative fee.** (a) A stewardship organization must pay an annual administrative fee to the commissioner. Before June 1, 2025, and before each June 1 thereafter, the commissioner must identify the costs the agency incurs to administer and enforce this section. The commissioner must set the fee at an amount that, when paid by the stewardship organization, is sufficient to reimburse the agency's full costs of administering and enforcing this section but does not exceed those costs.

(b) A stewardship organization must pay the administrative fee required under this subdivision on or before July 1, 2025, and annually thereafter, on a schedule and in a manner prescribed by the commissioner.

(c) The commissioner must deposit all fees received under this subdivision in the account established in subdivision 15.

Subd. 14. **User fees prohibited.** A stewardship organization or retailer may not charge a fee to a person for providing boat wrap for collection and recycling under a stewardship program approved by the commissioner under this section.

Subd. 15. **Account established.** (a) A boat wrap stewardship account is established in the special revenue fund in the state treasury. The account consists of money received from the administrative fee established in subdivision 13. The commissioner must manage the account.

(b) Money in the account is appropriated annually to the commissioner for administering and enforcing this section.

Subd. 16. **Stewardship reports.** Beginning March 1, 2026, and each March 1 thereafter, a stewardship organization operating under this section must submit an annual report to the commissioner describing the program operations of the stewardship plan during the previous calendar year. At a minimum, the report must contain:

(1) a description of the methods used to collect, transport, and process discarded boat wrap in all regions of the state;

(2) the weight of all boat wrap collected in each separate region of the state;

(3) a comparison of the amount of boat wrap collected with the performance goals established in the stewardship plan and, if the goals have not been met, a discussion of actions the stewardship organization will take to ensure that they are achieved in the future;

(4) the weight of discarded boat wrap collected in the state by method of disposition, including recycling and other methods of processing;

(5) a comparison of program performance with the performance goals established by the commissioner under subdivision 12 and, if applicable, a discussion of why the performance goals were not met and proposed modifications to the collection program the stewardship organization will implement to ensure that future performance goals will be met;

(6) samples of educational materials provided to boat wrap consumers, marinas, and boat storage establishments and an evaluation of the effectiveness of the materials and the methods used to disseminate the materials; and

(7) an independent financial audit of stewardship organization activities.

Subd. 17. **Data classification.** Trade secret and sales information, as defined under section 13.37, submitted to the commissioner under this section are private or nonpublic data under section 13.37.

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

Sec. 12. **[115A.412] WASTE COMPOSITION; INFORMATION REQUIRED.**

Subdivision 1. **Study required.** (a) Every three years, beginning in 2029, the commissioner must direct the owners and operators at 20 percent of each of the following facility types to perform a waste composition study:

(1) mixed municipal solid waste land disposal facilities;

(2) industrial solid waste land disposal facilities;

(3) demolition debris land disposal facilities;

(4) transfer stations that annually transfer more than 5,000 tons of waste to a facility outside Minnesota; and

(5) other facilities identified by the commissioner.

(b) The waste composition study must be performed at the sole expense of each owner or operator as directed by the commissioner.

(c) When selecting facilities for waste composition studies, the commissioner must rotate the participants so that, over time, the studies cover the entirety of the facilities identified under paragraph (a). The commissioner must determine the time frame for each study in the three-year cycle. The owner or operator of each selected facility must complete the study within one year of being notified by the commissioner of selection to perform a waste composition study.

Subd. 2. Study requirements. (a) The commissioner must:

(1) determine the sampling methods to be used and the categories of materials to be sampled for waste composition studies; and

(2) provide the sampling methods and any additional requirements identified by the commissioner to each owner or operator directed to perform a study.

(b) The sampling methods must include the number of samples to be taken, the size or weight of each sample, the duration of a sampling event, the sampling interval, and any additional methods identified by the commissioner. The categories of materials to be sampled must include categories and subcategories identified by the commissioner to represent the materials present at each facility.

(c) Resource recovery facilities required to do waste sorts required under air rules adopted under section 116.07 must use the study requirements developed under this section when conducting waste composition analysis to meet the rule requirements.

(d) The commissioner must obtain input from counties, cities, and owners or operators of waste facilities before finalizing the sampling methods and requirements. The commissioner must consider cost effectiveness and data quality when determining the sampling methods.

Subd. 3. Report. Within six months after completing a waste composition study required under this section, the owner or operator of a facility must submit the raw data and results of the study to the commissioner in a form and manner prescribed by the commissioner.

Subd. 4. Compilation. After each three-year cycle, the commissioner must compile and summarize the waste composition data received under subdivision 3. The commissioner must make the summary information available to the public.

Subd. 5. Additional studies; information. (a) The commissioner may conduct additional waste composition studies at facilities described in subdivision 1.

(b) Upon request of the commissioner for purposes of determining compliance with this section, a person must furnish to the commissioner any information that the person has or may reasonably obtain.

(c) The owner or operator of a facility shall allow access upon reasonable notice to authorized agency staff for the purpose of conducting waste composition studies.

Sec. 13. Minnesota Statutes 2022, section 115A.5502, is amended to read:

115A.5502 PACKAGING PRACTICES; PREFERENCES; GOALS.

Packaging forms a substantial portion of solid waste and contributes to environmental degradation and the costs of managing solid waste. It is imperative to reduce the amount and toxicity of packaging that must be managed as solid waste. In order to achieve significant reduction of packaging in solid waste ~~and to assist packagers and others to meet the packaging reduction goal in section 115A.5501~~, the goal of the state is that items be distributed without any packaging where feasible and, only when necessary to protect health and safety or product integrity, with the minimal amount of packaging possible. The following categories of packaging are listed in order of preference for use by all persons who find it necessary to package items for distribution or use in the state:

- (1) minimal packaging that contains no intentionally introduced toxic materials and that is designed to be and actually is reused for its original purpose at least five times;
- (2) minimal packaging that contains no intentionally introduced toxic materials and consists of a significant percentage of postconsumer material;
- (3) minimal packaging that contains no intentionally introduced toxic materials, that is recyclable, and is regularly collected through recycling collection programs available to at least 75 percent of the residents of the state;
- (4) minimal packaging that does not comply with clause (1), (2), or (3) because it is required under federal or state law and for which there does not exist a commercially feasible alternative that does comply with clause (1), (2), or (3);
- (5) packaging that contains no intentionally introduced toxic materials but does not comply with clauses (1) to (4); and
- (6) all other packaging.

Sec. 14. Minnesota Statutes 2022, section 115B.421, is amended to read:

115B.421 CLOSED LANDFILL INVESTMENT FUND.

Subdivision 1. Establishment. (a) The closed landfill investment fund is established in the state treasury. The fund consists of money credited to the fund and interest and other earnings on money in the fund. Funds must be deposited as described in section 115B.445. The fund must be managed to maximize long-term gain through the State Board of Investment.

(b) Each fiscal year, up to \$4,500,000 is appropriated from the closed landfill investment fund to the commissioner for the purposes of sections 115B.39 to 115B.444.

(c) If the commissioner determines that a release or threatened release from a qualified facility for which the commissioner has assumed obligations for environmental response actions under section 115B.40 or 115B.406 constitutes an emergency requiring immediate action to prevent, minimize, or mitigate damage either to the public health or welfare or the environment or to a system designed to protect the public health or welfare or the environment, up to \$9,000,000 in addition to the amount appropriated under paragraph (b) is appropriated to the commissioner in the first year of the biennium and may be spent by the commissioner to take reasonable and necessary emergency response actions. Money not spent in the first year of the biennium may be spent in the second year. If money is appropriated under this paragraph, the commissioner must notify the chairs of the senate and house of representatives committees having jurisdiction over environment policy and finance as soon as possible. The commissioner must maintain the fund balance to ensure long-term viability of the fund and reflect the responsibility of the landfill cleanup program in perpetuity.

(d) Paragraphs (b) and (c) expire June 30, 2025.

Subd. 2. **Local notification.** If money in the closed landfill investment fund is spent or transferred for purposes other than the purposes provided under sections 115B.39 to 115B.444, the commissioner must provide written notification to each county with a qualified facility within 30 days of the transfer or expenditure that includes the amount, purpose, and authority used to spend or transfer the money.

Sec. 15. Minnesota Statutes 2022, section 116.07, subdivision 9, is amended to read:

Subd. 9. **Orders; investigations.** The ~~agency shall have~~ commissioner has the following powers and duties for ~~the enforcement of enforcing~~ any provision of this chapter and chapter 114C, relating to air contamination or waste:

(1) to adopt, issue, reissue, modify, deny, revoke, **reopen**, enter into or enforce reasonable orders, schedules of compliance and stipulation agreements;

(2) to require the owner or operator of any emission facility, air contaminant treatment facility, potential air contaminant storage facility, or any system or facility related to the storage, collection, transportation, processing, or disposal of waste to establish and maintain records; to make reports; to install, use, and maintain monitoring equipment or methods; and to make tests, including testing for odor where a nuisance may exist, in accordance with methods, at locations, at intervals, and in a manner as the agency shall prescribe; and to provide other information as the agency may reasonably require;

(3) to conduct investigations, issue notices, public and otherwise, and order hearings as it may deem necessary or advisable for the discharge of its duties under this chapter and chapter 114C, including but not limited to the issuance of permits; and to authorize any member, employee, or agent appointed by it to conduct the investigations and issue the notices; ~~and~~

(4) when appropriate, to require parties who enter into a negotiated agreement to settle an enforcement matter with the agency to reimburse the agency according to this clause for oversight costs that are incurred by the agency and associated with implementing the negotiated agreement, including oversight costs exceeding \$25,000. Oversight costs may include but are not limited to any costs associated with inspections, sampling, monitoring, modeling, risk assessment, permit writing, engineering review, economic analysis and review, and other record or document review. The agency's legal and litigation costs are not covered by this clause. In addition to settlement agreements, the commissioner has discretion as to whether to apply this clause in cases where the agency is using schedules of compliance to bring a class of regulated parties into compliance. Oversight funds reimbursed under this item are to be deposited in a settlement oversight reimbursement account established in the environmental fund. The commissioner shall manage the account. Earnings, such as interest, dividends, and any other earnings arising from assets of the account, must be credited to the account. Funds remaining in the account at the end of a fiscal year remain in the account. Money in the account is appropriated to the commissioner for the purposes of the environmental fund.

Sec. 16. Minnesota Statutes 2022, section 116.07, is amended by adding a subdivision to read:

Subd. 9a. **Stipulation agreements.** If a party to a stipulation agreement asserts a good cause or force majeure claim for an extension of time to comply with a stipulated term, the commissioner may deny the extension if the assertion is based solely on increased costs.

Sec. 17. Minnesota Statutes 2022, section 116.07, is amended by adding a subdivision to read:

Subd. 9b. **Compliance when required permit not obtained.** The commissioner may require a person or facility that fails to obtain a required permit to comply with any terms of a permit that would have been issued had the person or facility obtained a permit, including but not limited to reporting, monitoring, controlling pollutant discharge, and creating and implementing operations and maintenance plans. The person or facility is subject to liability and penalties, including criminal liability, for failing to operate in compliance with a permit not obtained beginning at the time a permit should have been obtained.

Sec. 18. **[116.0718] AIR POLLUTION FACILITIES; PRIORITIZATION; COMPLIANCE PROTOCOLS.**

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

(b) "Air toxics" has the meaning given in section 116.062.

(c) "Continuous emission monitoring system" has the meaning given in Minnesota Rules, part 7017.1002, subpart 4.

(d) "Facility" means a facility that has been issued an air quality permit by the agency.

(e) "Performance test" has the meaning given in Minnesota Rules, part 7017.2005, subpart 4.

(f) "Potential to emit" has the meaning given in Minnesota Rules, part 7005.0100, subpart 35a.

(g) "Priority facility" means a facility that the commissioner has placed on the priority list established under subdivision 2.

(h) "Sensitive receptors" means people whose age or health status make them particularly susceptible to harmful impacts from exposure to air toxics.

Subd. 2. **Prioritization.** (a) The commissioner must develop and establish a list of the 30 facilities whose potential to emit air toxics poses the greatest risks to the environment and human health. In assessing risks, the commissioner must consider the most recent available credible scientific information regarding environmental and health risks resulting from exposure to air toxics, including but not limited to:

(1) the information submitted by a facility to the agency in an air emissions risk analysis;

(2) toxicity values for individual air toxics listed in the agency's risk analysis screening spreadsheet; and

(3) inhalation health benchmarks developed by the Department of Health and, for pollutants for which inhalation health benchmarks have not been developed, health benchmark values developed by the following sources, in order of priority:

(i) the United States Environmental Protection Agency's Integrated Risk Information System (IRIS);

(ii) the California Environmental Protection Agency's reference exposure levels and cancer potency values; and

(iii) provisional peer-reviewed toxicity values derived by the United States Environmental Protection Agency's Superfund Health Risk Technical Support Center for the agency's Superfund Program.

(b) In determining which facilities to place on the list, the commissioner must consider:

(1) the risks posed by the nature of each air toxic emitted by a facility, as quantified in the total cancer risks and noncancer risks estimated in the sources of information identified in paragraph (a);

(2) the volume of each air toxic emitted, calculated as a facility's potential to emit that air toxic;

(3) the number of people potentially exposed to a facility's air toxics emissions through direct inhalation, ingesting pollutants in food, and other pathways and the number of persons potentially exposed that are estimated to be:

(i) sensitive receptors; and

(ii) residents of an environmental justice area; and

(4) the presence of environmentally sensitive resources that may be exposed to a facility's air toxics emissions, such as surface waters, wetlands, and land on which food is grown.

Subd. 3. Compliance protocols; quality control. (a) The commissioner must develop a compliance protocol for each priority facility that consists of:

(1) methods the agency requires the priority facility to employ to physically measure the actual emissions of each air toxic the priority facility emits; and

(2) the frequency with which the priority facility must employ each method.

(b) The compliance protocol must be designed to minimize the length of time between physical measures of each air toxic emitted by the priority facility. Methods of physical measurement the agency may employ include but are not limited to:

(1) continuous emission monitoring systems;

(2) performance tests;

(3) ambient monitoring near the priority facility;

(4) portable monitoring units that have been calibrated with performance tests or continuous emission monitors; and

(5) any other physical method of measuring actual emissions that the commissioner determines is accurate and technically and physically feasible.

(c) The commissioner must require priority facilities to employ quality control measures and procedures to ensure that pollution control equipment and emissions monitoring equipment are properly calibrated, operated, and maintained to ensure accuracy.

(d) The commissioner must incorporate the compliance protocol developed under this subdivision into the permits of priority facilities as permits are renewed, amended, or modified. Priority facilities issued nonexpiring permits must incorporate the compliance protocol no later than December 31, 2027.

Subd. 4. Reporting requirements. (a) A permit that requires a priority facility to maintain records of parameters that serve as indirect measures of the priority facility's air emissions must require the priority facility to transmit the records to the agency at least monthly. For purposes of this subdivision, "indirect measures of the priority facility's air emissions" means proxy measures or calculations that affect, indicate, or are correlated with the volume of emissions released by the priority facility, including but not limited to measurements of the pollution removal efficiency of pollution control equipment, the temperature or pressure of equipment or processes, and the volume of inputs the priority facility purchases or uses that emit hazardous air pollutants during the production process.

(b) The agency must review the records submitted under paragraph (a) within 60 days of receipt.

(c) A third party under contract to a priority facility must report the results of any tests or measurements required under the permit or ordered by the commissioner directly to the agency at the same time the results are reported to the priority facility.

Subd. 5. **Performance tests.** (a) A priority facility that exceeds an emissions limit established in its permit for an air toxic must conduct a performance test for that air toxic within 12 months of the date of the exceedance.

(b) A priority facility whose pollution control equipment has undergone a significant alteration, repair, or parts replacement that may affect the priority facility's ability to meet an emissions limit, as determined by the commissioner, must conduct a performance test within 90 days of the pollution control equipment becoming operational following the modification.

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

Sec. 19. Minnesota Statutes 2022, section 116.072, subdivision 2, is amended to read:

Subd. 2. **Amount of penalty; considerations.** (a) The commissioner or county board may issue orders assessing penalties up to ~~\$20,000~~ \$25,000 for violations identified during an inspection or other compliance review.

(b) In determining the amount of a penalty, the commissioner or county board ~~may~~ must consider:

- (1) the willfulness of the violation;
- (2) the gravity of the violation, including damage to humans, animals, air, water, land, or other natural resources of the state;
- (3) the history of past violations;
- (4) the number of violations;
- (5) the economic benefit gained by the person by allowing or committing the violation; and
- (6) other factors as justice may require, if the commissioner or county board specifically identifies the additional factors in the commissioner's or county board's order.

(c) For a violation after an initial violation, the commissioner or county board ~~shall~~ must, in determining the amount of a penalty, consider the factors in paragraph (b) and the:

- (1) similarity of the most recent previous violation and the violation to be penalized;
- (2) time elapsed since the last violation;
- (3) number of previous violations; and
- (4) response of the person to the most recent previous violation identified.

Sec. 20. Minnesota Statutes 2022, section 116.072, subdivision 5, is amended to read:

Subd. 5. **Penalty.** (a) Except as provided in paragraph (b), if the commissioner or county board determines that the violation has been corrected or appropriate steps have been taken to correct the action, the penalty must be forgiven. Unless the person requests review of the order under subdivision 6 or 7 before the penalty is due, the penalty in the order is due and payable:

(1) on the 31st day after the order was received, if the person subject to the order fails to provide information to the commissioner or county board showing that the violation has been corrected or that appropriate steps have been taken toward correcting the violation; or

(2) on the 20th day after the person receives the commissioner's or county board's determination under subdivision 4, paragraph (b), if the person subject to the order has provided information to the commissioner or county board that the commissioner or county board determines is not sufficient to show the violation has been corrected or that appropriate steps have been taken toward correcting the violation.

(b) For a repeated or serious violation, the commissioner or county board ~~may~~ **must** issue an order with a penalty that will not be forgiven after the corrective action is taken. A penalty for a repeated violation that occurs within 36 months after one or more previous violations must be at least ten percent higher than the penalty imposed for the most recent violation, except the amount must not exceed the maximum penalty established in subdivision 2. The penalty is due by 31 days after the order was received unless review of the order under subdivision 6, 7, or 8 has been sought.

(c) Interest at the rate established in section 549.09 begins to accrue on penalties under this subdivision on the 31st day after the order with the penalty was received.

Sec. 21. Minnesota Statutes 2022, section 116.11, is amended to read:

116.11 EMERGENCY POWERS.

Subdivision 1. **Imminent and substantial danger.** If there is imminent and substantial danger to the health and welfare of the people of the state, or of any of them, as a result of the pollution of air, land, or water, the ~~agency commissioner~~ may by emergency order direct the immediate discontinuance or abatement of the pollution without notice and without a hearing or at the request of the ~~agency commissioner~~, the attorney general may bring an action in the name of the state in the appropriate district court for a temporary restraining order to immediately abate or prevent the pollution. The ~~agency commissioner's~~ order or temporary restraining order ~~shall remain~~ **is** effective until notice, hearing, and determination pursuant to other provisions of law, or, in the interim, as otherwise ordered. A final order of the ~~agency commissioner~~ in these cases ~~shall be~~ **is** appealable in accordance with chapter 14.

Subd. 2. **Other acts of concern.** (a) The commissioner may exercise the authority under paragraph (b) when the commissioner has evidence of any of the following:

(1) falsification of records;

(2) a history of noncompliance with schedules of compliance or terms of a stipulation agreement;

(3) chronic or substantial permit violations; or

(4) operating with or without a permit where there is evidence of danger to the health or welfare of the people of the state or evidence of environmental harm.

(b) When the commissioner has evidence of behavior specified in paragraph (a), regardless of the presence of imminent and substantial danger, the commissioner may investigate and may:

- (1) suspend or revoke a permit;
- (2) issue an order to cease operation or activities;
- (3) require financial assurances;
- (4) reopen and modify a permit to require additional terms;
- (5) require additional agency oversight; or
- (6) pursue other actions deemed necessary to abate pollution and protect human health.

Sec. 22. **[116.2021] STATE SALT PURCHASE REPORT AND REDUCTION GOAL.**

Subdivision 1. **Definition.** For the purposes of this section, "deicing salt" refers to salt in its solid form used to melt snow and ice, excluding salt used on roads managed by the Department of Transportation.

Subd. 2. **Salt purchase report.** By February 1, 2025, and every year thereafter, the commissioner of the Pollution Control Agency, in cooperation with other state agencies, must submit a report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over environment and natural resources policy and finance that details the purchase of deicing salt by state agencies, excluding the Department of Transportation, and strategies to meet the salt reduction goal established in subdivision 3.

Subd. 3. **Reduction goal.** It is the goal of the state that no later than January 1, 2030, state agencies will reduce the purchase of deicing salt by 25 percent from the level first reported under subdivision 2.

Sec. 23. **[116.2022] STATE NITROGEN FERTILIZER PURCHASE REPORT AND REDUCTION GOAL.**

Subdivision 1. **Nitrogen fertilizer report.** By February 1, 2025, and every year thereafter, the commissioner of the Pollution Control Agency, in cooperation with other state agencies, must submit a report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over environment and natural resources policy and finance that details the purchase of nitrogen fertilizer by state agencies and strategies to meet the nitrogen fertilizer reduction goal established in subdivision 2.

Subd. 2. **Reduction goal.** It is the goal of the state that no later than January 1, 2030, state agencies will reduce the purchase of nitrogen fertilizer by 25 percent from the level first reported under subdivision 1.

Sec. 24. Minnesota Statutes 2022, section 116.92, is amended by adding a subdivision to read:

Subd. 7b. **Ban; mercury-containing general purpose lighting.** (a) For purposes of this subdivision, the following terms have the meanings given:

(1) "compact fluorescent lamp" means a compact low-pressure, mercury-containing, electric-discharge light source:

- (i) of any tube diameter or tube length;

(ii) of any lamp size or shape for directional and nondirectional installations, including but not limited to PL, spiral, twin tube, triple twin, 2D, U-bend, and circular;

(iii) in which a fluorescent coating transforms some of the ultraviolet energy generated by the mercury discharge into visible light;

(iv) that has one base or end cap of any type, including but not limited to screw, bayonet, two pins, and four pins;

(v) that is integrally ballasted or non-integrally ballasted; and

(vi) that has light emission between a correlated color temperature of 1700K and 24000K and a Duv of +0.024 and -0.024 in the International Commission on Illumination (CIE) Uniform Color Space (CAM02-UCS);

(2) "linear fluorescent lamp" means a low-pressure, mercury-containing, electric-discharge light source:

(i) of any tube diameter, including but not limited to T5, T8, T10, and T12;

(ii) with a tube length from 0.5 to 8.0 feet, inclusive;

(iii) of any lamp shape, including but not limited to linear, U-bend, and circular;

(iv) in which a fluorescent coating transforms some of the ultraviolet energy generated by the mercury discharge into visible light;

(v) that has two bases or end caps of any type, including but not limited to single-pin, two-pin, and recessed double contact; and

(vi) that has light emission between a correlated color temperature of 1700K and 24000K and a Duv of +0.024 and -0.024 in the CIE CAM02-UCS;

(3) "mercury vapor lamp" means a high-intensity discharge lamp, including clear, phosphor-coated, and self-ballasted screw base lamps, in which the major portion of the light is produced by radiation from mercury typically operating at a partial vapor pressure in excess of 100,000 pascals;

(4) "mercury vapor lamp ballast" means a device that is designed and marketed to start and operate mercury vapor lamps intended for general illumination by providing the necessary voltage and current; and

(5) "specialty application mercury vapor lamp ballast" means a mercury vapor lamp ballast:

(i) that is designed and marketed for operating mercury vapor lamps used in quality inspection, industrial processing, or scientific applications, including fluorescent microscopy and ultraviolet curing; and

(ii) the label of which states "For specialty applications only, not for general illumination" and indicates the specific applications for which the ballast is designed.

(b) Effective January 1, 2025, a person may not sell, offer for sale, or distribute in the state as a new manufactured product a screw- or bayonet-base type compact fluorescent lamp, a mercury vapor lamp, or a mercury vapor lamp ballast, whether sold separately, in a retrofit kit, or in a luminaire. Effective January 1, 2026, a person may not sell, offer for sale, or distribute in the state as a new manufactured product a pin-base type compact fluorescent lamp or a linear fluorescent lamp.

(c) This subdivision does not apply to:

(1) a lamp designed and marketed exclusively for image capture and projection, including for:

(i) photocopying;

(ii) printing, directly or in preprocessing;

(iii) lithography;

(iv) film and video projection; or

(v) holography;

(2) a lamp that has a high proportion of ultraviolet light emission and that:

(i) has high ultraviolet content and ultraviolet power greater than two milliwatts per kilolumen;

(ii) is for germicidal use, such as for destroying DNA, and emits a peak radiation of approximately 253.7 nanometers;

(iii) is designed and marketed exclusively for disinfection or fly-trapping and from which:

(A) the radiation power emitted between 250 and 315 nanometers represents at least five percent of the total radiation power emitted between 250 and 800 nanometers; or

(B) the radiation power emitted between 315 and 400 nanometers represents at least 20 percent of the total radiation power emitted between 250 and 800 nanometers;

(iv) is designed and marketed exclusively for generating ozone when the primary purpose is to emit radiation at approximately 185.1 nanometers;

(v) is designed and marketed exclusively for coral zooxanthellae symbiosis and from which the radiation power emitted between 400 and 480 nanometers represents at least 40 percent of the total radiation power emitted between 250 and 800 nanometers; or

(vi) is designed and marketed exclusively for use in a sunlamp product, as defined in Code of Federal Regulations, title 21, section 1040.20(b)(9) (2022);

(3) specialty application mercury vapor lamp ballasts; or

(4) a compact fluorescent lamp used to replace a lamp in a motor vehicle if the motor vehicle was manufactured on or before January 1, 2020.

(d) Nothing in this section limits the ability of a utility to offer energy-efficient lighting, rebates, or lamp-recycling services or to claim energy savings resulting from such programs through the utility's energy conservation and optimization plans approved by the commissioner of commerce under section 216B.241 or an energy conservation and optimization plan filed by a consumer-owned utility under section 216B.2403.

Sec. 25. **[116.996] LAWN AND SNOW REMOVAL EQUIPMENT ELECTRIFICATION REBATE PROGRAM.**

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

(b) "Commissioner" means the commissioner of the Pollution Control Agency.

(c) "Eligible expenses" means the amount paid for lawn and snow removal equipment that operates solely by electricity inclusive of sales tax but exclusive of any other related charges, including charges for a warranty, service, or delivery.

(d) "Eligible individual" means an individual who:

(1) is at least 15 years old;

(2) is a resident individual taxpayer at the time of application for a rebate certificate and in the previous calendar year;

(3) was not claimed as a dependent on another return in the taxable year described in subdivision 3, paragraph (c); and

(4) currently resides in the seven-county metropolitan area.

(e) "Eligible retailer" means a person who has engaged in the business of retail sales of new lawn and snow removal equipment for at least six months before receiving the approval of the commissioner under subdivision 5.

(f) "Lawn and snow removal equipment" means equipment that is used to perform landscaping or remove snow from land or building surfaces. Lawn and snow removal equipment includes but is not limited to a lawn mower, lawn edger, trimmer, leaf blower, chainsaw, snow blower, or other equipment that emits local air pollution, including small generators used to power community events.

Subd. 2. **Establishment.** The commissioner must establish a lawn and snow removal equipment electrification rebate program to assist eligible individuals to purchase lawn and snow removal equipment that operates solely by electricity and to provide public education and outreach regarding the benefits of electrification, including to K-12 schools.

Subd. 3. **Amount of rebate.** (a) The amount of a rebate under this section equals the lesser of:

(1) the applicable percentage, as described in paragraph (b), multiplied by the amount of eligible expenses paid by an eligible individual; or

(2) \$1,500.

(b) The applicable percentage equals 75 percent, but is reduced by one percentage point until the percentage equals 50 percent, for each \$4,000 of the eligible individual's adjusted gross income in excess of:

(1) \$50,000 for a married taxpayer filing a joint return; and

(2) \$25,000 for all other filers.

(c) For the purposes of determining the applicable percentage under paragraph (b) and subdivision 4, paragraph (a), the commissioner must use the eligible individual's adjusted gross income for the taxable year ending in the calendar year before the year in which the individual applied for a rebate certificate.

Subd. 4. **Rebate certificates.** (a) To qualify for a rebate under this section, an eligible individual must apply to the commissioner for a rebate certificate in the manner specified by the commissioner before purchasing lawn and snow removal equipment. As part of the application, the eligible individual must include proof of the individual's adjusted gross income for the taxable year specified in subdivision 3, paragraph (c). The commissioner must issue a rebate certificate to an eligible individual stating the issuance date, the applicable percentage, and the maximum rebate for which the taxpayer is eligible. For a married taxpayer filing a joint return, each spouse may apply to the commissioner separately, and the commissioner must issue each spouse a separate rebate certificate.

(b) The commissioner may determine the date to begin accepting applications for a rebate certificate, and applications must not be submitted before the date determined by the commissioner. Beginning July 1, 2025, and July 1 of each subsequent calendar year for which there is an allocation of rebate certificates, the commissioner must allocate rebate certificates on a first-come, first-served basis. The commissioner must reserve 40 percent of the certificates for a married taxpayer filing a joint return with an adjusted gross income of less than \$78,000 or any other filer with an adjusted gross income of less than \$41,000. Any portion of the reserved amount under this paragraph that is not allocated by September 30 is available for allocation to other rebate certificate applications beginning October 1.

(c) The commissioner must not issue rebate certificates totaling more than \$500,000 in each of calendar years 2025 and 2026, except any amount authorized but not allocated in any calendar year does not cancel and is available for allocation in the next calendar year. In calculating the amount of remaining allocations, the commissioner must assume that each allocated but unclaimed certificate reduces the available allocations by \$1,500.

(d) A rebate certificate that is not assigned to a retailer expires two months after the date the certificate was issued and may not be assigned to a retailer after expiration. The amount of any expired rebate certificates is added to the amount available for allocation under paragraph (c).

Subd. 5. **Eligible retailers.** To be eligible to be assigned a rebate certificate under this section, an eligible retailer must apply to the commissioner to be certified as an eligible retailer in the manner specified by the commissioner. The application must include proof that the person applying has been actively involved in the business of retail sales of new lawn and snow removal equipment for at least six months.

Subd. 6. **Application for rebate.** (a) An eligible individual who purchases lawn and snow removal equipment that is operated solely on electricity may assign a rebate certificate to an eligible retailer at the time of purchase. The retailer must reduce the price of the equipment by the amount of the rebate determined under subdivision 3.

(b) The commissioner must establish the form and manner by which a taxpayer may assign a rebate certificate to a retailer. The commissioner must establish a process allowing retailers to quickly verify the validity of a rebate certificate at the time of purchase.

(c) An eligible retailer that was assigned a rebate certificate may apply to the commissioner for a rebate within one month of the date of the sale, on a form and in a manner specified by the commissioner. The commissioner must pay to an eligible retailer who meets the requirements of this section the amount of the rebate determined under subdivision 3.

(d) Only an eligible retailer may apply for a rebate under this subdivision. To receive the benefit of a rebate under this section, an eligible individual must assign a rebate certificate to an eligible retailer.

(e) A rebate certificate under this section must not be assigned or transferred more than once.

(f) The commissioner must not pay any rebates under this section after June 30, 2027.

Subd. 7. **Limitations.** (a) The commissioner must not issue an eligible individual a rebate certificate more than once. This limitation does not apply to a rebate certificate that has expired.

(b) If an eligible individual purchases lawn and snow removal equipment using a rebate under this section and returns the equipment to an eligible retailer, the eligible retailer must repay to the commissioner the amount of the rebate received.

(c) The commissioner must not issue a rebate certificate to an eligible individual who is subject to a claim for a refund under chapter 270A.

(d) For lawn and snow removal equipment purchased using rebates under this section:

(1) an eligible retailer must charge the same retail price for the equipment as the retailer charges for the equipment if it is purchased without a rebate; and

(2) an eligible retailer must not charge a retail price in excess of the manufacturer's suggested retail price.

Subd. 8. **Priority.** The commissioner must give priority to providing rebates to individuals who currently reside in an environmental justice area as defined in section 115A.03, subdivision 10b.

Subd. 9. **Sunset.** This section expires June 30, 2027. The expiration of this section does not affect the commissioner's authority to audit or power of examination and assessment for rebates claimed under this section.

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

Sec. 26. Minnesota Statutes 2022, section 116D.02, subdivision 2, is amended to read:

Subd. 2. **State responsibilities.** In order to carry out the policy set forth in Laws 1973, chapter 412, it is the continuing responsibility of the state government to use all practicable means, consistent with other essential considerations of state policy, to improve and coordinate state plans, functions, programs and resources to the end that the state may:

(1) fulfill the responsibilities of each generation as trustee of the environment for succeeding generations;

(2) assure for all people of the state safe, healthful, productive, and aesthetically and culturally pleasing surroundings;

(3) discourage ecologically unsound aspects of population, economic and technological growth, and develop and implement a policy such that growth occurs only in an environmentally acceptable manner;

(4) preserve important historic, cultural, and natural aspects of our national heritage, and maintain, wherever practicable, an environment that supports diversity, and variety of individual choice;

(5) encourage, through education, a better understanding of natural resources management principles that will develop attitudes and styles of living that minimize environmental degradation;

(6) develop and implement land use and environmental policies, plans, and standards for the state as a whole and for major regions thereof through a coordinated program of planning and land use control;

(7) define, designate, and protect environmentally sensitive areas;

(8) establish and maintain statewide environmental information systems sufficient to gauge environmental conditions;

(9) practice thrift in the use of energy and maximize the use of energy efficient systems for ~~the utilization of producing, distributing, and using energy, including recovering and reusing waste heat,~~ and minimize the environmental impact from energy production and use;

(10) preserve important existing natural habitats of rare and endangered species of plants, wildlife, and fish, and provide for the wise use of our remaining areas of natural habitation, including necessary protective measures where appropriate;

(11) reduce wasteful practices which generate solid wastes;

(12) minimize wasteful and unnecessary depletion of nonrenewable resources;

(13) conserve natural resources and minimize environmental impact by encouraging ~~extension of extended product lifetime, by lifetimes;~~ reducing ~~the number of~~ unnecessary and wasteful materials practices; and by recycling materials, water, and energy to conserve both materials and energy;

(14) improve management of renewable resources in a manner compatible with environmental protection;

(15) provide for reclamation of mined lands and assure that any mining is accomplished in a manner compatible with environmental protection;

(16) reduce the deleterious impact on air and water quality from all sources, including the deleterious environmental impact due to operation of vehicles with internal combustion engines in urbanized areas;

(17) minimize noise, particularly in urban areas;

(18) prohibit, where appropriate, floodplain development in urban and rural areas; and

(19) encourage advanced waste treatment in abating water pollution.

Sec. 27. Minnesota Statutes 2022, section 473.845, is amended by adding a subdivision to read:

Subd. 3a. Local notification. If money in the metropolitan landfill contingency action trust account is spent or transferred for purposes other than the purposes provided under this section, the commissioner must provide written notification to each county with a facility eligible for spending from the metropolitan landfill contingency action trust account within 30 days of the transfer or expenditure that includes the amount, purpose, and authority used to spend or transfer the money.

Sec. 28. **SEWAGE SLUDGE FOR LAND APPLICATION ANALYZED FOR PFAS.**

The commissioner of the Pollution Control Agency must develop a strategy to require sewage sludge prepared for application to land in Minnesota to be analyzed under Minnesota Rules, part 7041.1500, subpart 3, for the presence of perfluoroalkyl and polyfluoroalkyl substances (PFAS) by December 31, 2024, and begin implementing this strategy in water discharge permits thereafter.

Sec. 29. **CRITICAL MATERIALS RECOVERY ADVISORY TASK FORCE.**

Subdivision 1. Definition. For the purposes of this section, "critical materials" means materials on the final 2023 Critical Materials List published by the United States Secretary of Energy in the Federal Register on August 4, 2023, as amended, as required under section 7002 of the Energy Act of 2020.

Subd. 2. Composition of task force. (a) The commissioner of the Pollution Control Agency must, no later than October 1, 2024, establish and appoint a Critical Materials Recovery Advisory Task Force consisting of 13 members appointed as follows:

- (1) the commissioner of the Pollution Control Agency or the commissioner's designee;
- (2) the commissioner of employment and economic development or the commissioner's designee;
- (3) an expert in the field of industrial metallurgy;
- (4) one representative from the Solid Waste Administrators Association;
- (5) one representative from a company that disassembles electronic waste;
- (6) one representative from an energy advocacy organization;
- (7) one representative from an organization that is primarily involved in environmental justice issues;
- (8) one representative from an industrial labor union;
- (9) one representative from a labor union affiliated with the Building and Construction Trades Council;
- (10) one representative from a company that recovers critical materials from end-of-life products;
- (11) one representative from a manufacturer that uses critical materials as inputs;
- (12) one representative of a Minnesota Tribal government, as defined in Minnesota Statutes, section 10.65, subdivision 2; and
- (13) one representative of a utility providing retail electric service to customers in Minnesota.

(b) All members appointed under paragraph (a) are voting members of the task force, except for the representative appointed under clause (9), who is a nonvoting member.

(c) A member appointed under paragraph (a) may not be a registered lobbyist.

Subd. 3. Duties. (a) The task force must advise the commissioner of the Pollution Control Agency with respect to policy and program options designed to increase the recovery of critical materials from end-of-life products by:

- (1) developing a strategic road map for achieving domestic recovery of critical materials;
- (2) investigating emerging technologies employed to recover critical materials from electronic waste, components of renewable energy generating systems, and other end-of-life products;

(3) evaluating the economic, environmental, and social costs, benefits, and impacts associated with various methods of recovering critical materials from end-of-life products;

(4) identifying options to prevent products containing critical materials from being disposed of in a landfill or waste combustor;

(5) consulting with stakeholders regarding recycling and end-of-life management options for products containing critical materials that enhance the possibility of recovery; and

(6) identifying infrastructure needed to develop an integrated system to collect, transport, and recycle products for critical materials recovery.

(b) The council must convene at least one public meeting to gather comments on issues regarding critical materials recovery.

Subd. 4. **Task force; administration.** (a) The task force must elect a chair by majority vote at its initial meeting. The task force must meet quarterly. Additional meetings may be held at the call of the chair. The commissioner or the commissioner's designee and the member appointed as an expert in industrial metallurgy must cofacilitate task force meetings.

(b) The Pollution Control Agency must serve as staff to the task force.

Subd. 5. **Report.** No later than December 31, 2025, the task force must submit a written report containing its findings and recommendations for administrative and legislative action to the commissioner of the Pollution Control Agency and the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over solid waste. The recommendations in the report must be specific and actionable and may not include recommendations for further reports or studies.

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

Sec. 30. **MINNESOTA POLLUTION CONTROL AGENCY; PFAS REMOVAL REPORT.**

On or before January 15, 2025, the commissioner of the Pollution Control Agency must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over environment and natural resources finance and policy and capital investment. The report must provide recommendations for strategies the state may use to require manufacturers using perfluoroalkyl and polyfluoroalkyl substances (PFAS) in their products or as part of the manufacturing process to pay the cost of purchasing and installing infrastructure designed to remove PFAS from influent waters at municipal wastewater facilities statewide and the cost of treating and disposing of the PFAS. The report must specify any legislation needed to implement the strategies and must incorporate options from the report submitted by the PFAS manufacturers fee work group required under Laws 2023, chapter 60, article 3, section 30, in developing the recommendations. The recommendations in the report must be specific and actionable and may not include recommendations for further reports or studies.

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

Sec. 31. **POSTCLOSURE CARE; SOLID WASTE DISPOSAL FACILITIES; RULEMAKING.**

(a) The commissioner of the Pollution Control Agency must amend rules related to solid waste disposal facilities to require the commissioner's approval to terminate the postclosure care period.

(b) The commissioner may use the good-cause exemption under Minnesota Statutes, section 14.388, subdivision 1, clause (3), to adopt rules under this section, and Minnesota Statutes, section 14.386, does not apply except as provided under Minnesota Statutes, section 14.388.

Sec. 32. **MANDATORY ENVIRONMENTAL IMPACT STATEMENT FOR LARGE LIVESTOCK PROJECTS; RULEMAKING.**

(a) The Environmental Quality Board must amend Minnesota Rules, part 4410.4400, to require that construction of an animal feedlot facility with a capacity of 10,000 or more animal units or the expansion of an existing animal feedlot facility to a total cumulative capacity of 10,000 or more animal units requires the preparation of an environmental impact statement.

(b) The board may use the good-cause exemption under Minnesota Statutes, section 14.388, subdivision 1, clause (3), to adopt rules under this section, and Minnesota Statutes, section 14.386, does not apply except as provided under Minnesota Statutes, section 14.388.

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

Sec. 33. **REPEALER.**

Minnesota Statutes 2022, section 115A.5501, is repealed.

ARTICLE 3
NATURAL RESOURCES

Section 1. Minnesota Statutes 2022, section 13.7931, is amended by adding a subdivision to read:

Subd. 7. Forest industry data. Information that the Department of Natural Resources collects, receives, or maintains through voluntary responses to questionnaires or surveys by forest industry businesses is classified under section 84.0871.

Sec. 2. Minnesota Statutes 2022, section 16A.125, subdivision 5, is amended to read:

Subd. 5. Forest trust lands. (a) The term "state forest trust fund lands" as used in this subdivision, means public land in trust under the constitution set apart as "forest lands under the authority of the commissioner" of natural resources as defined by section 89.001, subdivision 13.

(b) The commissioner of management and budget shall credit the revenue from the forest trust fund lands to the forest suspense account. The account must specify the trust funds interested in the lands and the respective receipts of the lands.

(c) After a fiscal year, the commissioner of management and budget shall certify the costs incurred for forestry during that year under appropriations for the improvement, administration, and management of state forest trust fund lands and construction and improvement of forest roads to enhance the forest value of the lands. The certificate must specify the trust funds interested in the lands. After presentation to the Legislative Permanent School Fund Commission or by June 30 each year, whichever is sooner, the commissioner of natural resources shall supply the commissioner of management and budget with the information needed for the certificate. The certificate shall include an analysis that compares costs certified under this section with costs incurred on other public and private lands with similar land assets.

(d) After a fiscal year, the commissioner shall distribute the receipts credited to the suspense account during that fiscal year as follows:

(1) the amount of the certified costs incurred by the state for forest management, forest improvement, and road improvement during the fiscal year shall be transferred to the forest management investment account established under section 89.039;

(2) the amount of costs incurred by the Legislative Permanent School Fund Commission under section 127A.30, and by the school trust lands director under section 127A.353, shall be transferred to the general fund;

(3) the balance of the certified costs incurred by the state during the fiscal year shall be transferred to the general fund; and

(4) the balance of the receipts shall then be returned prorated to the trust funds in proportion to their respective interests in the lands which produced the receipts.

Sec. 3. Minnesota Statutes 2022, section 84.027, subdivision 12, is amended to read:

Subd. 12. **Property disposal; gift acknowledgment; advertising sales.** (a) The commissioner may recognize the contribution of money or in-kind services on plaques, signs, publications, audiovisual materials, and media advertisements by allowing the organization's contribution to be acknowledged in print of readable size.

(b) The commissioner may accept paid advertising for departmental publications. Advertising revenues received are appropriated to the commissioner to be used to defray costs of publications, media productions, or other informational materials. The commissioner may not accept paid advertising from any elected official or candidate for elective office.

(c) Notwithstanding section 16B.2975, subdivision 6, clause (2), if the commissioner determines that a transfer benefits the state's natural resources management or bison management, the commissioner may request that the commissioner of administration donate and convey bison to a governmental unit or nonprofit organization, in or outside Minnesota, or sell bison. The recipient of the bison is solely responsible for all future expenses related to the bison.

Sec. 4. **[84.0871] DATA ON FOREST INDUSTRY.**

(a) The following data that the Department of Natural Resources collects, receives, or maintains through voluntary responses to questionnaires or surveys by forest industry businesses are classified as private data on individuals, as defined in section 13.02, subdivision 12, if the data are data on individuals or as nonpublic data, as defined in section 13.02, subdivision 9, if the data are data not on individuals:

(1) timber resource consumption;

(2) origin of timber resources;

(3) cost of delivered timber;

(4) forest industry product output; and

(5) production costs.

(b) Data that the department collects, receives, or maintains through voluntary responses to questionnaires or surveys by forest industry businesses and that are not specified under paragraph (a), clauses (1) to (5), are public data.

(c) Summary data, as defined in section 13.02, subdivision 19, that the department compiles from data under paragraph (a) or (b) are public data.

(d) Data collected, received, or maintained by the department from bidders on state timber under section 90.145 are not subject to this section.

Sec. 5. Minnesota Statutes 2022, section 84.0895, subdivision 1, is amended to read:

Subdivision 1. **Prohibition.** Notwithstanding any other law, a person may not take, import, transport, release, or sell any portion of an endangered or threatened species of wild animal or plant, or sell or possess with intent to sell an article made with any part of the skin, hide, or parts of an endangered or threatened species of wild animal or plant, except as provided in subdivisions 2 and 7.

Sec. 6. **[84.705] COMMUNITY TREE-PLANTING GRANTS.**

Subdivision 1. **Definition.** For the purposes of this section, "shade tree" means a woody perennial grown primarily for aesthetic or environmental purposes with minimal to residual timber value.

Subd. 2. **Grants.** (a) The commissioner must establish a grant program to provide grants to cities, counties, townships, Tribal governments, and park and recreation boards in cities of the first class for the following purposes:

(1) removing and planting shade trees on public or Tribal land to provide environmental benefits;

(2) replacing trees lost to forest pests, disease, or storms; or

(3) establishing a more diverse community forest better able to withstand disease and forest pests.

(b) Any tree planted with money granted under this section must be a climate-adapted species to Minnesota.

Subd. 3. **Priority.** (a) Priority for grants awarded under this section must be given to:

(1) projects removing and replacing ash trees that pose significant public safety concerns; and

(2) projects located in whole or in part in a census tract where at least three of the following apply, as determined using the most recently published data from the United States Census Bureau or United States Centers for Disease Control and Prevention:

(i) 20 percent or more of the residents have income below the federal poverty thresholds;

(ii) the tract has a United States Centers for Disease Control and Prevention Social Vulnerability Index greater than 0.80;

(iii) the upper limit of the lowest quintile of household income is less than the state upper limit of the lowest quintile;

(iv) the housing vacancy rate is greater than the state average; or

(v) the percent of the population receiving Supplemental Nutrition Assistance Program (SNAP) benefits is greater than the state average.

(b) The commissioner may not prioritize projects based on criteria other than the criteria established under paragraph (a).

Sec. 7. Minnesota Statutes 2022, section 84.777, subdivision 1, is amended to read:

Subdivision 1. **Designated trails.** (a) ~~Except as otherwise allowed by law or rules adopted by the commissioner, effective June 1, 2003,~~ Notwithstanding sections 84.787 to 84.804 and 84.92 to 84.928, the use of off-highway vehicles is prohibited on state land administered by the commissioner of natural resources, and on county-administered forest land within the boundaries of a state forest, except on roads and trails specifically designated and posted by the commissioner for use by off-highway vehicles. The commissioner may limit the use of off-highway vehicles under this subdivision to specific purposes or seasons but must include these limitations in the designation and posting under this subdivision.

(b) Paragraph (a) does not apply to county-administered land within a state forest if the county board adopts a resolution that modifies restrictions on the use of off-highway vehicles on county-administered land within the forest.

EFFECTIVE DATE. This section is effective August 1, 2026.

Sec. 8. Minnesota Statutes 2022, section 84.777, subdivision 3, is amended to read:

Subd. 3. **Mapped trails.** (a) Except as provided in sections 84.926 and 84.928, after completion of official department off-highway vehicle maps for the area, a person must not operate an off-highway vehicle on state land that is not mapped for the type of off-highway vehicle. ~~This paragraph does not apply to state forest land north of U.S. Highway 2 until after June 30, 2009.~~

(b) ~~This subdivision does not apply to a forest access route in a managed forest north of U.S. Highway 2 that the commissioner has not designated as a road or trail. Forest access routes will not be signed or maintained and will not be included on published user maps of the forest. Off-highway vehicle operation on forest access routes is subject to the prohibitions on causing erosion, rutting, damage to trees or crops, and construction of unauthorized trails contained in Minnesota Rules. Damaged routes are subject to closure to off-highway vehicle use.~~

EFFECTIVE DATE. This section is effective August 1, 2026.

Sec. 9. Minnesota Statutes 2022, section 84.777, is amended by adding a subdivision to read:

Subd. 5. **Exception by permit.** Notwithstanding subdivisions 1 to 4 and section 84.773, subdivision 1, on a case-by-case basis, the commissioner may issue a permit authorizing a person to operate an off-highway vehicle on individual public trails under the commissioner's jurisdiction during specified times and for specified purposes.

EFFECTIVE DATE. This section is effective August 1, 2026.

Sec. 10. Minnesota Statutes 2022, section 84.871, is amended to read:

84.871 EQUIPMENT MUFFLER REQUIREMENTS; PENALTIES.

Subdivision 1. **Mufflers.** (a) ~~Except as provided in this section under paragraph (c), every snowmobile shall be a person may not operate a snowmobile unless:~~

(1) the snowmobile is equipped with a muffler meeting the requirements of rules adopted by the commissioner; and

(2) the snowmobile is equipped at all times with a muffler in good working order ~~which that~~ blends the exhaust noise into the overall snowmobile noise and is in constant operation to prevent excessive or unusual noise. ~~The~~

(b) A snowmobile operated, offered for sale, or sold in this state must have an exhaust system ~~shall that does~~ not emit or produce a sharp popping or crackling sound.

(c) This section does not apply to organized races or similar competitive events held on:

(1) private lands, with the permission of the owner, lessee, or custodian of the land;

(2) public lands and water under the jurisdiction of the commissioner of natural resources, with the commissioner's permission; or

(3) other public lands, with the consent of the public agency owning the land.

(d) No person shall have for sale, sell, or offer for sale on any new snowmobile any muffler that fails to comply with the specifications required by the rules of the commissioner after the effective date of the rules.

Subd. 3. **Certification.** Beginning July 1, 2026, all after-market mufflers installed on a snowmobile must have a permanent stamp, clearly visible on the muffler, certified by the muffler manufacturer and stating that the muffler conforms to the snowmobile muffler noise limits specified by the rules of the commissioner.

Subd. 4. **Penalties.** (a) A person who operates a snowmobile in violation of subdivision 1, paragraph (a) or (b), is guilty of a misdemeanor.

(b) Notwithstanding section 609.101, subdivision 4, clause (2), the minimum fine for a person who operates a snowmobile in violation of subdivision 1, paragraph (a) or (b), must not be less than:

(1) \$250 for the first offense;

(2) \$500 for the second offense; and

(3) \$1,000 for the third and subsequent offenses.

(c) A conservation officer or other licensed peace officer may issue a civil citation to a person who operates a snowmobile in violation of subdivision 1, paragraph (a) or (b). A civil citation under this subdivision must impose a penalty of:

(1) \$250 for the first offense;

(2) \$500 for the second offense; and

(3) \$1,000 for the third and subsequent offenses.

Sec. 11. Minnesota Statutes 2022, section 84.943, subdivision 5, is amended to read:

Subd. 5. Pledges and contributions. (a) The commissioner of natural resources may accept contributions and pledges to the critical habitat private sector matching account. A pledge that is made contingent on an appropriation is acceptable and ~~shall must~~ be reported with other pledges as required in this section. The commissioner may agree to match a contribution contingent on a future appropriation. In the budget request for each biennium, the commissioner ~~shall must~~ report the balance of contributions in the account and the amount that has been pledged for payment in the succeeding two calendar years.

~~(b) Money in the account is appropriated to the commissioner of natural resources only for the direct acquisition, restoration, or enhancement of land or interests in land as provided in section 84.944. Acquisition includes:~~

- ~~(1) purchase of land or an interest in land by the commissioner; or~~
- ~~(2) acceptance by the commissioner of gifts of land or interests in land as program projects.~~

~~(e)~~ (b) To the extent of available appropriations other than bond proceeds, the money matched to the nongame wildlife management account may be used for:

- (1) the management of nongame wildlife projects as specified in section 290.431;
- (2) restoration and enhancement activities for critical natural habitat; or
- (3) monitoring and evaluation activities for rare resources and native plant communities that inform the management of critical natural habitat.

No more than 30 percent of the nongame wildlife management account appropriations each fiscal year may be used to match money from the critical habitat private sector matching account for monitoring and evaluation activities.

Sec. 12. Minnesota Statutes 2022, section 84.943, is amended by adding a subdivision to read:

Subd. 6. **Expenditures.** Money in the account is appropriated to the commissioner and may be expended only as follows:

(1) revenue from license plates depicting big game, turkey, or pheasant or license plates not otherwise specified under this subdivision must be used:

- (i) to acquire, restore, or enhance land or interests in land as provided in section 84.944;
- (ii) for acceptance by the commissioner of gifts of land or interests in land as program projects; or
- (iii) to inventory and monitor lands acquired under this section;

(2) revenue from license plates depicting a loon, chickadee, or lady slipper must be used in addition to appropriations from the nongame wildlife management account for the purposes specified in section 290.431;

(3) revenue from license plates depicting anglers or fish must be used for aquatic management area purposes under section 86A.05, subdivision 14, including acquisition, development, and restoration;

(4) revenue from license plates depicting bees or other pollinators must be transferred to the Board of Water and Soil Resources for grants or payments under section 103B.104; and

(5) private contributions and other revenue must be used for the purposes under clause (1), unless the donor specifies another purpose under this subdivision.

Sec. 13. **[84.9736] CORN PLANTING ON STATE LANDS.**

A person may not plant corn for commercial purposes on state land administered by the commissioner of natural resources.

EFFECTIVE DATE. This section is effective January 1, 2026.

Sec. 14. Minnesota Statutes 2022, section 88.82, is amended to read:

88.82 MINNESOTA RELEAF PROGRAM.

(a) The Minnesota releaf program is established in the Department of Natural Resources to encourage, promote, and fund the inventory, planting, assessment, maintenance, improvement, protection, utilization, and restoration of trees and forest resources in this state to enhance community forest ecosystem health and sustainability as well as to reduce atmospheric carbon dioxide levels and promote energy conservation.

(b) Priority for grants awarded under this section must be given to projects located in whole or in part in a census tract where at least three of the following apply, as determined using the most recently published data from the United States Census Bureau or United States Centers for Disease Control and Prevention:

(1) 20 percent or more of the residents have income below the federal poverty thresholds;

(2) the tract has a United States Centers for Disease Control and Prevention Social Vulnerability Index greater than 0.80;

(3) the upper limit of the lowest quintile of household income is less than the state upper limit of the lowest quintile;

(4) the housing vacancy rate is greater than the state average; or

(5) the percent of the population receiving Supplemental Nutrition Assistance Program (SNAP) benefits is greater than the state average.

Sec. 15. Minnesota Statutes 2022, section 89.36, subdivision 1, is amended to read:

Subdivision 1. **Production at state nurseries.** The commissioner of natural resources may produce tree planting stock for the purposes of sections 89.35 to 89.39 upon any lands under control of the commissioner which may be deemed suitable and available therefor so far as not inconsistent with other uses to which such lands may be dedicated by law. ~~The commissioner may not produce more than 10,000,000 units of planting stock annually, after January 1, 2003.~~

Sec. 16. Minnesota Statutes 2022, section 89.37, subdivision 3, is amended to read:

Subd. 3. **Private lands.** The commissioner may supply ~~only bare root~~ seedlings, woody cuttings, and transplant material for use on private land, provided that such material must be sold in lots of not less than 250 for a sum determined by the commissioner to be equivalent to the cost of the materials and the expenses of their distribution. The commissioner may not directly or indirectly supply any other planting stock for use on private lands.

Sec. 17. Minnesota Statutes 2022, section 93.0015, subdivision 3, is amended to read:

Subd. 3. **Expiration.** The committee expires June 30, ~~2026~~ 2031.

Sec. 18. Minnesota Statutes 2022, section 97A.015, is amended by adding a subdivision to read:

Subd. 47a. **Taxidermist.** "Taxidermist" means a person who engages in the business or operation of preserving or mounting wild animals or parts thereof that do not belong to the person.

Sec. 19. Minnesota Statutes 2022, section 97A.341, subdivision 1, is amended to read:

Subdivision 1. **Liability for restitution.** A person who kills, injures, or possesses a wild animal in violation of the game and fish laws or section 343.21 is liable to the state for the value of the wild animal as provided in this section. Species afforded protection include members of the following groups as defined by statute or rule: game fish, game birds, big game, small game, fur-bearing animals, minnows, and threatened and endangered animal species. Other animal species may be added by rule of the commissioner as determined after public meetings and notification of the chairs of the environment and natural resources committees in the senate and house of representatives.

Sec. 20. Minnesota Statutes 2022, section 97A.341, subdivision 2, is amended to read:

Subd. 2. **Arrest and charging procedure.** (a) An enforcement officer who arrests a person for killing, injuring, or possessing a wild animal in violation of the game and fish laws or section 343.21 must describe the number, species, and restitution value of wild animals illegally killed, injured, or possessed on the warrant or the notice to appear in court.

(b) As part of the charge against a person arrested for killing, injuring, or possessing a wild animal in violation of the game and fish laws or section 343.21, the prosecuting attorney must include a demand that restitution be made to the state for the value of the wild animal killed, injured, or possessed. The demand for restitution is in addition to the criminal penalties otherwise provided for the violation.

Sec. 21. Minnesota Statutes 2022, section 97A.341, subdivision 3, is amended to read:

Subd. 3. **Sentencing procedure.** If a person is convicted of or pleads guilty to killing, injuring, or possessing a wild animal in violation of the game and fish laws or section 343.21, the court must require the person to pay restitution to the state for replacement of the wild animal as part of the sentence or state in writing why restitution was not imposed. The court may consider the economic circumstances of the person and, in lieu of monetary restitution, order the person to perform conservation work representing the amount of restitution that will aid the propagation of wild animals. If the court does not order a person to pay restitution, the court administrator must send a copy of the court order to the commissioner.

Sec. 22. Minnesota Statutes 2022, section 97A.345, is amended to read:

97A.345 RESTITUTION VALUE OF WILD ANIMALS.

(a) The commissioner may, by rules adopted under chapter 14, prescribe the dollar value to the state of species of wild animals. The value may reflect the value to other persons to legally take the wild animal, the replacement cost, or the intrinsic value to the state of the wild animals. Species of wild animals with similar values may be grouped together.

(b) The value of a wild animal under the rules adopted by the commissioner is prima facie evidence of a wild animal's value under section 97A.341.

(c) The commissioner shall report annually to the legislature the amount of restitution collected under section 97A.341 and the manner in which the funds were expended.

(d) When a person kills, injures, or possesses a wild animal in violation of section 343.21, the restitution value prescribed by the commissioner under paragraph (a) is doubled.

Sec. 23. Minnesota Statutes 2022, section 97A.425, is amended by adding a subdivision to read:

Subd. 3a. **Waste disposal.** (a) Licensed taxidermists must dispose of all cervid carcasses or cervid parts not returned to the patron, all biosolids resulting from cleaning cervid skulls, and all carrion beetles and beetle waste used to clean cervid skulls. All disposals must be to a disposal facility or transfer station that is permitted to accept it, and proof of the disposal must be retained for inspection.

(b) The following cervid parts are exempt from the disposal requirement:

(1) cervid hides from which all excess tissue has been removed;

(2) if free of brain and muscle tissues, whole or portions of skulls, antlers, or teeth; and

(3) finished taxidermy mounts.

Sec. 24. Minnesota Statutes 2022, section 97A.425, subdivision 4, is amended to read:

Subd. 4. **Rules.** The commissioner may adopt rules, not inconsistent with subdivisions 1 to ~~3~~ 3a, governing record keeping, reporting, and marking of specimens by taxidermists.

Sec. 25. Minnesota Statutes 2022, section 97A.475, subdivision 2, is amended to read:

Subd. 2. **Resident hunting.** Fees for the following licenses, to be issued to residents only, are:

(1) for persons age 18 or over and under age 65 to take small game, \$15.50;

(2) for persons age 65 or over, \$7 to take small game;

(3) for persons age 18 or over to take turkey, \$26;

(4) for persons age 13 or over and under age 18 to take turkey, \$5;

(5) for persons age 18 or over to take deer with firearms during the regular firearms season, \$34;

(6) for persons age 18 or over to take deer by archery, \$34;

(7) for persons age 18 or over to take deer by muzzleloader during the muzzleloader season, \$34;

(8) to take moose, for a party of not more than six persons, \$356;

(9) for persons age 18 or over to take bear, \$44;

(10) to take elk, for a party of not more than two persons, \$287;

~~(11) to take Canada geese during a special season, \$4;~~

~~(12)~~ (11) to take light geese during the light goose conservation order, \$2.50;

~~(13)~~ (12) to take sandhill crane during the sandhill crane season, \$3;

~~(14)~~ (13) to take prairie chickens, \$23;

~~(15)~~ (14) for persons age 13 or over and under age 18 to take deer with firearms during the regular firearms season, \$5;

~~(16)~~ (15) for persons age 13 or over and under age 18 to take deer by archery, \$5;

~~(17)~~ (16) for persons age 13 or over and under age 18 to take deer by muzzleloader during the muzzleloader season, \$5;

~~(18)~~ (17) for persons age 10, 11, or 12 to take bear, no fee;

~~(19)~~ (18) for persons age 13 or over and under age 18 to take bear, \$5;

~~(20)~~ (19) for persons age 18 or over to take small game for a consecutive 72-hour period selected by the licensee, \$19, of which an amount equal to one-half of the fee for the migratory-waterfowl stamp under subdivision 5, clause (1), shall be deposited in the waterfowl habitat improvement account under section 97A.075, subdivision 2; one-half of the fee for the pheasant stamp under subdivision 5, clause (2), shall be deposited in the pheasant habitat improvement account under section 97A.075, subdivision 4; and one-half of the small-game surcharge under subdivision 4, shall be deposited in the wildlife acquisition account;

~~(21)~~ (20) for persons age 16 or over and under age 18 to take small game, \$5;

~~(22)~~ (21) to take wolf, \$30;

~~(23)~~ (22) for persons age 12 and under to take turkey, no fee;

~~(24)~~ (23) for persons age 10, 11, or 12 to take deer by firearm, no fee;

~~(25)~~ (24) for persons age 10, 11, or 12 to take deer by archery, no fee; and

~~(26)~~ (25) for persons age 10, 11, or 12 to take deer by muzzleloader during the muzzleloader season, no fee.

Sec. 26. Minnesota Statutes 2022, section 97A.475, subdivision 3, is amended to read:

Subd. 3. **Nonresident hunting.** (a) Fees for the following licenses, to be issued to nonresidents, are:

(1) for persons age 18 or over to take small game, \$90.50;

(2) for persons age 18 or over to take deer with firearms during the regular firearms season, \$180;

(3) for persons age 18 or over to take deer by archery, \$180;

(4) for persons age 18 or over to take deer by muzzleloader during the muzzleloader season, \$180;

(5) for persons age 18 or over to take bear, \$225;

(6) for persons age 18 or over to take turkey, \$91;

(7) for persons age 13 or over and under age 18 to take turkey, \$5;

(8) to take raccoon or bobcat, \$178;

~~(9) to take Canada geese during a special season, \$4;~~

~~(10) (9) to take light geese during the light goose conservation order, \$2.50;~~

~~(11) (10) to take sandhill crane during the sandhill crane season, \$3;~~

~~(12) (11) for persons age 13 or over and under age 18 to take deer with firearms during the regular firearms season in any open season option or time period, \$5;~~

~~(13) (12) for persons age 13 or over and under age 18 to take deer by archery, \$5;~~

~~(14) (13) for persons age 13 or over and under age 18 to take deer during the muzzleloader season, \$5;~~

~~(15) (14) for persons age 13 or over and under 18 to take bear, \$5;~~

~~(16) (15) for persons age 18 or over to take small game for a consecutive 72-hour period selected by the licensee, \$75, of which an amount equal to one-half of the fee for the migratory-waterfowl stamp under subdivision 5, clause (1), shall be deposited in the waterfowl habitat improvement account under section 97A.075, subdivision 2; one-half of the fee for the pheasant stamp under subdivision 5, clause (2), shall be deposited in the pheasant habitat improvement account under section 97A.075, subdivision 4; and one-half of the small-game surcharge under subdivision 4, shall be deposited into the wildlife acquisition account;~~

~~(17) (16) for persons age 16 or 17 to take small game, \$5;~~

~~(18) (17) to take wolf, \$250;~~

~~(19) (18) for persons age 12 and under to take turkey, no fee;~~

~~(20) (19) for persons age 10, 11, or 12 to take deer by firearm, no fee;~~

~~(21) (20) for persons age 10, 11, or 12 to take deer by archery, no fee;~~

~~(22) (21) for persons age 10, 11, or 12 to take deer by muzzleloader during the muzzleloader season, no fee; and~~

~~(23) (22) for persons age 10, 11, or 12 to take bear, no fee.~~

(b) A \$5 surcharge shall be added to nonresident hunting licenses issued under paragraph (a), clauses (1) to (6) and (8). An additional commission may not be assessed on this surcharge.

Sec. 27. Minnesota Statutes 2022, section 97A.505, subdivision 8, is amended to read:

Subd. 8. **Importing Cervidae carcasses.** (a) Importing Cervidae carcasses procured by any means into Minnesota is prohibited except for:

~~(1) cut and wrapped meat;~~

~~(2) quarters or other portions of meat with no part of the spinal column or head attached;~~

~~(3) antlers, hides, or teeth, finished taxidermy mounts, and;~~

(4) if cleaned of all brain tissue, antlers attached to skull caps ~~that are cleaned of all brain tissue.~~ or whole skulls; and

(5) finished taxidermy mounts.

(b) Cervidae carcasses originating from outside Minnesota may be transported on a direct route through the state by nonresidents.

(c) Heads from cervids with or without the cape and neck attached that originate from outside Minnesota may be transported into Minnesota only if they are delivered to a licensed taxidermist within 48 hours of entering Minnesota.

Sec. 28. Minnesota Statutes 2022, section 97A.512, is amended to read:

97A.512 SALE OF INEDIBLE PORTIONS OF BIG GAME ANIMALS, FUR-BEARING ANIMALS, FISH, AND GAME BIRDS OTHER THAN MIGRATORY WATERFOWL.

(a) Except as otherwise provided by the game and fish laws and as restricted in this section, a person may possess, transport, buy, or sell the following inedible portions of lawfully taken or acquired big game animals, fur-bearing animals, fish, and game birds other than migratory waterfowl: bones, including skulls; sinews; adipose tissue, hides, and skins; hooves; teeth; claws; and antlers.

(b) A person may not buy or sell bear paws, unless attached to the hide, or bear gallbladders.

Sec. 29. Minnesota Statutes 2022, section 97B.001, is amended by adding a subdivision to read:

Subd. 9. Placing traps or snares on private land; permission required. (a) A person may not set or place a trap or snare on private property other than property owned or occupied by the person, unless the person has the written or verbal permission of the owner, occupant, or lessee of the private property.

(b) For the purposes of this subdivision, "private property" means:

(1) land that is occupied by an owner or tenant either seasonally or year-round; or

(2) private land that is ten acres or less and borders private land on at least two sides.

(c) This subdivision does not apply to:

(1) a state or federal agency, road authority, or local government unit, or their agent, removing animals causing damage or otherwise being a nuisance;

(2) a parcel of private land that is more than 40 acres and used primarily for timber production; or

(3) private property located north of U.S. Highway 2.

Sec. 30. Minnesota Statutes 2022, section 97B.022, subdivision 2, is amended to read:

Subd. 2. **Requirements.** (a) A resident or nonresident born after December 31, 1979, who is age 12 or over and who does not possess a hunter education firearms safety certificate or a resident or nonresident born after December 31, 1989, who does not possess a trapper education certificate may be issued an apprentice-hunter/trapper validation. An apprentice-hunter/trapper validation may be purchased two license years in a lifetime and used to obtain hunting or trapping licenses during the same license year that the validation is purchased.

(b) An individual in possession of an apprentice-hunter/trapper validation may ~~hunt take~~ small game, deer, and bear only when accompanied by an adult who has a valid license to ~~hunt take~~ the same species of game in Minnesota and whose license was not obtained using an apprentice-~~hunter~~ validation.

(c) When an individual in possession of an apprentice-hunter/trapper validation is hunting turkey or prairie chicken under paragraph (b), the accompanying adult may be licensed for another permit area or time period but must be licensed for the same season as the apprentice hunter. If the accompanying adult is not licensed for the same permit area or time period as the apprentice hunter, the accompanying adult may not shoot or possess a firearm or bow while accompanying the apprentice hunter under this paragraph.

(d) An apprentice-hunter/trapper-validation holder must obtain all required licenses and stamps.

Sec. 31. Minnesota Statutes 2022, section 97B.022, subdivision 3, is amended to read:

Subd. 3. **Apprentice-hunter/trapper validation; fee.** The fee for an apprentice-hunter/trapper validation is \$3.50. Fees collected must be deposited in the firearms safety and trapper education training account, except for the electronic licensing system commission established by the commissioner under section 84.027, subdivision 15, and issuing fees collected under section 97A.485, subdivision 6, and are appropriated annually to the Enforcement Division of the Department of Natural Resources for administering the firearm safety course ~~program~~ and trapper education programs.

Sec. 32. Minnesota Statutes 2023 Supplement, section 97B.071, is amended to read:

97B.071 CLOTHING AND GROUND BLIND REQUIREMENTS; BLAZE ORANGE OR BLAZE PINK.

(a) Except as provided in rules adopted under paragraph (d), a person may not hunt or trap during the open season where deer may be taken by firearms under applicable laws and ordinances, unless the visible portion of the person's cap and outer clothing above the waist, excluding sleeves and gloves, is blaze orange or blaze pink. Blaze orange or blaze pink includes a camouflage pattern of at least 50 percent blaze orange or blaze pink within each foot square. This section does not apply to migratory-waterfowl hunters on waters of this state or in a stationary shooting location or to trappers on waters of this state.

(b) Except as provided in rules adopted under paragraph (d), and in addition to the requirement in paragraph (a), a person may not take small game other than turkey, migratory birds, raccoons, and predators, except while trapping, unless a visible portion of at least one article of the person's clothing above the waist is blaze orange or blaze pink. This paragraph does not apply to a person when in a stationary location while hunting deer by archery or when hunting small game by falconry.

(c) A person hunting deer in a fabric or synthetic ground blind on public land must have:

(1) a blaze orange safety covering on the top of the blind that is visible for 360 degrees around the blind; or

(2) at least 144 square inches of blaze orange material on each side of the blind.

(d) The commissioner may, by rule, prescribe an alternative color in cases where paragraph (a) or (b) would violate the Religious Freedom Restoration Act of 1993, Public Law 103-141.

(e) A violation of paragraph (b) does not result in a penalty, but is punishable only by a safety warning.

Sec. 33. Minnesota Statutes 2022, section 97B.516, is amended to read:

97B.516 PLAN FOR ELK MANAGEMENT.

(a) The commissioner of natural resources must adopt an elk management plan that:

- (1) recognizes the value and uniqueness of elk;
- (2) provides for integrated management of an elk population in harmony with the environment; and
- (3) affords optimum recreational opportunities.

~~(b) Notwithstanding paragraph (a), the commissioner must not manage an elk herd in Kittson, Roseau, Marshall, or Beltrami Counties in a manner that would increase the size of the herd, including adoption or implementation of an elk management plan designed to increase an elk herd, unless the commissioner of agriculture verifies that crop and fence damages paid under section 3.7371 and attributed to the herd have not increased for at least two years.~~

~~(c) (b) At least 60 days prior to before implementing a plan to increase an elk herd, the commissioners of natural resources and agriculture must hold a joint public meeting in the county where the elk herd to be increased is located. At the meeting, the commissioners must present evidence that crop and fence damages have not increased in the prior two years and must detail the practices that will be used to reduce elk conflicts with area landowners.~~

Sec. 34. Minnesota Statutes 2022, section 97C.001, subdivision 2, is amended to read:

Subd. 2. **Public notice and meeting comment.** (a) Before the commissioner designates, or vacates or extends the designation of, experimental waters, ~~a public meeting must be held in the county where the largest portion of the waters is located~~ notice of the proposed change must be provided in the county where the largest portion of the waters is located, a virtual or in-person meeting must be held, and opportunity to submit public comment must be offered.

~~(b) At least 90 days before the public meeting and during the open angling season for fish the taking of which is, or is proposed to be, regulated under subdivision 3 on the waters under consideration, Before the year that the designation is to become effective, the commissioner must give notice of the proposed designation, vacation, or extension must be. The notice must summarize the proposed action and invite public comment. Public comments must be accepted at least through September 30, and the commissioner must consider any public comments received in making a final decision. Notice must include:~~

~~(1) signs of the proposed changes and instructions for submitting comments posted at publicly maintained access points on the water; by June 1;~~

~~(2) a list of proposed changes posted on the department's website by June 1, summarizing the proposed actions and inviting public comment; and~~

~~(3) a news release issued by the commissioner by July 1, a notice published in a newspaper of general circulation in the area where the waters are located by August 20, and at least one more digital media communication published by August 31.~~

~~(c) Before the public meeting, notice of the meeting must be published in a news release issued by the commissioner and in a newspaper of general circulation in the area where the proposed experimental waters are located. The notice must be published at least once between 30 and 60 days before the meeting, and at least once between seven and 30 days before the meeting. A virtual or in-person meeting must be held before September 20 where public comment must be accepted. An in-person meeting, where public comment must be accepted, must be held in the county where the largest portion of the waters is located if:~~

(1) a water or connected waters to be designated is over 5,000 acres or a stream or river reach is over ten miles; or

(2) a request for an in-person meeting is submitted to the commissioner by August 20 before the year that the designation is to become effective.

(d) The notices required in this subdivision must summarize the proposed action, invite public comment, and specify a deadline for the receipt of public comments. The commissioner shall mail a copy of each required notice to persons who have registered their names with the commissioner for this purpose. The commissioner shall consider any public comments received in making a final decision.

(e) If a water to be designated is a lake with a water area of more than 1,500 acres, or is a stream or river with a reach of more than six miles, a public meeting must also be held in the seven-county metropolitan area unless a virtual meeting is held and notice of the meeting is published in a newspaper of general circulation in the seven-county metropolitan area.

Sec. 35. Minnesota Statutes 2022, section 97C.005, subdivision 2, is amended to read:

Subd. 2. **Public notice and meeting comment.** ~~(a) Before the commissioner designates special management waters, public comment must be received and, for waters other than those proposed to be designated as trout streams or trout lakes, a public meeting must be held in the county where the largest portion of the waters is located notice of the proposed designation must be given, a virtual or in-person meeting must be held, and opportunity to submit public comment must be offered.~~

~~(b) For waters previously designated as experimental waters, a proposed change in status to special management waters must be announced before the public meeting by notice published in a news release issued by the commissioner and in a newspaper of general circulation in the area where the waters are located. The notice must be published at least once between 30 and 60 days before the public meeting, and at least once between seven and 30 days before the meeting. If a water proposed to be designated is a lake with a water area of more than 1,500 acres, or is a stream or river with a reach of more than six miles, a public meeting must also be held in the seven-county metropolitan area unless a virtual meeting is held and notice of the meeting is published in a newspaper of general circulation in the seven-county metropolitan area.~~

~~(c) For proposed special management waters, other than designated trout lakes and designated trout streams, that were not previously designated as experimental waters, notice of the proposed designation must be given as provided in this paragraph. The notice must be posted at publicly maintained access points at least 90 days before the public meeting and during the open angling season for fish the taking of which on the waters is proposed to be regulated under subdivision 3. Before the public meeting, notice of the meeting must be published in a news release issued by the commissioner and in a newspaper of general circulation in the area where the proposed special management waters are located. The notice must be published at least once between 30 and 60 days before the meeting, and at least once between seven and 30 days before the meeting. If a water to be designated is a lake with a water area of more than 1,500 acres, or is a stream or river with a reach of more than six miles, a public meeting must also be held in the seven-county metropolitan area.~~

(c) For proposed special management waters other than designated trout lakes and designated trout streams, before the year that the designation is to become effective, the commissioner must give notice of the proposed designation. The notice must summarize the proposed action and invite public comment. Public comments must be accepted at least through September 30, and the commissioner must consider any public comments received in making a final decision. Notice must include:

(1) signs of the proposed designation and instructions for submitting comments posted at publicly maintained access points on the water by June 1;

(2) a list of proposed designations posted on the department's website by June 1, summarizing the proposed action and inviting public comment; and

(3) a news release issued by the commissioner by July 1, a notice published in a newspaper of general circulation in the area where the waters are located by August 15, and at least one more digital media communication published by August 31.

(d) A virtual or in-person meeting must be held before September 20 where public comment must be accepted. An in-person meeting, where public comment must be accepted, must be held in the county where the largest portion of the waters is located if:

(1) a water to be designated is a lake over 5,000 acres or is a stream or river reach over ten miles; or

(2) a request for an in-person meeting is submitted to the commissioner by August 20 before the year that the designation is to become effective.

~~(d)~~ (e) For waters proposed to be designated as trout streams or trout lakes, notice of the proposed designation must be published at least 90 days before the effective date of the designation in a news release issued by the commissioner and in a newspaper of general circulation in the area where the waters are located. In addition, all riparian owners along the waters must be notified at least 90 days before the effective date of the designation.

~~(e)~~ (f) The notices required in this subdivision must summarize the proposed action, invite public comment, and specify a deadline for the receipt of public comments. The commissioner shall mail a copy of each required notice to persons who have registered their names with the commissioner for this purpose. The commissioner shall consider any public comments received in making a final decision.

Sec. 36. **[97C.202] WATER-QUALITY MONITORING AT STATE FISH HATCHERIES.**

(a) The commissioner, in conjunction with the commissioners of health, agriculture, and the Pollution Control Agency, must test the source water at the state fish hatcheries located in the cities of Crystal Springs, Lanesboro, and Peterson monthly for nitrates and pesticides, including neonicotinoids. By February 15 each year, the commissioner must report the results of the previous calendar year's testing to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over environment and natural resources policy and finance and health policy and finance.

(b) Once construction of the state fish hatchery in the city of Waterville is completed, the commissioner must test the source water monthly and report the results as required for other hatcheries under paragraph (a).

Sec. 37. Minnesota Statutes 2022, section 97C.395, as amended by Laws 2023, chapter 60, article 4, section 70, is amended to read:

97C.395 OPEN SEASONS FOR ANGLING.

Subdivision 1. **Dates for certain species.** (a) The open seasons to take fish by angling are as follows:

(1) for walleye, sauger, northern pike, muskellunge, largemouth bass, and smallmouth bass, the Saturday two weeks prior to the Saturday of Memorial Day weekend through the last Sunday in February;

~~(2) for lake trout, from January 1 through October 31;~~

~~(3) for the winter season for lake trout, brown trout, brook trout, rainbow trout, and splake on all lakes located outside or partially within the Boundary Waters Canoe Area, from January 15 through March 31;~~

~~(4) for the winter season for lake trout, brown trout, brook trout, rainbow trout, and splake on all lakes located entirely within the Boundary Waters Canoe Area, from January 1 through March 31;~~

~~(5)~~ (2) for brown trout, brook trout, lake trout, rainbow trout, and splake, between January 1 through October 31 as prescribed by the commissioner by rule except as provided in section 97C.415, subdivision 2; and

~~(6)~~ (3) for salmon, as prescribed by the commissioner by rule.

(b) The commissioner shall close the season in areas of the state where fish are spawning and closing the season will protect the resource.

Subd. 2. **Continuous season for certain species.** For sunfish, white crappie, black crappie, yellow perch, channel catfish, rock bass, white bass, yellow bass, burbot, cisco (tullibee), lake whitefish, common carp, and native rough fish, the open season is continuous.

Sec. 38. Minnesota Statutes 2022, section 97C.411, is amended to read:

97C.411 STURGEON AND PADDLEFISH.

Lake sturgeon, shovelnose sturgeon, and paddlefish may not be taken, bought, sold, transported or possessed except as provided by rule of the commissioner. ~~The commissioner may only allow the taking of these fish in waters that the state boundary passes through and in tributaries to the St. Croix River.~~

Sec. 39. Minnesota Statutes 2022, section 103F.211, subdivision 1, is amended to read:

Subdivision 1. **Adoption.** The commissioner shall adopt model standards and criteria for the subdivision, use, and development of shoreland in municipalities and areas outside of a municipality. The authority to adopt model standards and criteria is exempt from section 14.125 and does not expire. The standards and criteria must include:

- (1) the area of a lot and length of water frontage suitable for a building site;
- (2) the placement of structures in relation to shorelines and roads;
- (3) the placement and construction of sanitary and waste disposal facilities;
- (4) designation of types of land uses;
- (5) changes in bottom contours of adjacent public waters;
- (6) preservation of natural shorelands through the restriction of land uses;
- (7) variances from the minimum standards and criteria; and
- (8) for areas outside of a municipality only, a model ordinance.

Sec. 40. Minnesota Statutes 2022, section 103G.005, subdivision 15, is amended to read:

Subd. 15. **Public waters.** (a) "Public waters" means:

(1) water basins assigned a shoreland management classification by the commissioner under sections 103F.201 to 103F.221;

(2) waters of the state that have been finally determined to be public waters or navigable waters by a court of competent jurisdiction;

(3) meandered lakes, excluding lakes that have been legally drained;

(4) water basins previously designated by the commissioner for management for a specific purpose such as trout lakes and game lakes pursuant to applicable laws;

(5) water basins designated as scientific and natural areas under section 84.033;

(6) water basins located within and totally surrounded by publicly owned lands;

(7) water basins where the state of Minnesota or the federal government holds title to any of the beds or shores, unless the owner declares that the water is not necessary for the purposes of the public ownership;

(8) water basins where there is a publicly owned and controlled access that is intended to provide for public access to the water basin;

(9) natural and altered watercourses with a total drainage area greater than two square miles;

(10) natural and altered watercourses designated by the commissioner as trout streams; and

(11) public waters wetlands, unless the statute expressly states otherwise.

(b) Public waters are not determined exclusively by:

(1) the proprietorship of the underlying, overlying, or surrounding land ~~or by~~;

(2) whether it is a body or stream of water that was navigable in fact or susceptible of being used as a highway for commerce at the time this state was admitted to the union; or

(3) their inclusion in or exclusion from the public waters inventory required under section 103G.201.

Sec. 41. Minnesota Statutes 2023 Supplement, section 103G.301, subdivision 2, is amended to read:

Subd. 2. **Permit application and notification fees.** (a) A fee to defray the costs of receiving, recording, and processing must be paid for a permit application authorized under this chapter, except for a general permit application, for each request to amend or transfer an existing permit, and for a notification to request authorization to conduct a project under a general permit. Fees established under this subdivision, unless specified in paragraph (c), must comply with section 16A.1285.

(b) Proposed projects that require water in excess of 100 million gallons per year must be assessed fees to recover the costs incurred to evaluate the project and the costs incurred for environmental review. Fees collected under this paragraph must be credited to an account in the natural resources fund and are appropriated to the commissioner.

(c) The fee to apply for a permit to appropriate water, in addition to any fee under paragraph (b), is \$150. The application fee for a permit to construct or repair a dam that is subject to a dam safety inspection, to work in public waters, or to divert waters for mining must be at least \$1,200, but not more than \$12,000. The fee for a notification to request authorization to conduct a project under a general permit is \$400, except that the fee for a notification to request authorization to appropriate water under a general permit is \$100.

Sec. 42. Minnesota Statutes 2022, section 103G.315, subdivision 15, is amended to read:

Subd. 15. **Rules.** The commissioner shall adopt rules prescribing standards and criteria for issuing and denying water-use permits and public-waters-work permits. The authority to adopt the rules is exempt from section 14.125 and does not expire.

Sec. 43. **CORN PLOT TRANSITION.**

(a) Notwithstanding Minnesota Statutes, section 84.9736, a person may plant corn under an agreement with the commissioner of natural resources entered into before January 1, 2025. Beginning January 1, 2025, the commissioner of natural resources may not enter into agreements allowing the commercial production of corn on lands administered by the commissioner.

(b) The commissioner must transition all existing corn plots to native vegetation.

Sec. 44. **REPORT ON RECREATIONAL USE OF SCHOOL TRUST LANDS.**

Subdivision 1. **Office of School Trust Lands.** The school trust lands director must conduct a study of the recreational use of school trust lands in the state. The study must be used to determine the amount of money to be allocated to the permanent school fund for fees paid to the state for outdoor recreation purposes. The commissioner of natural resources must assist the director by providing existing outdoor recreation use data. The director may contract for additional survey data to complete the study. The director may seek expertise from outdoor recreation industry leaders when preparing the study. The study must include the following:

(1) the estimated annual number of daily visits by individuals with a Minnesota hunting license accessing school trust lands and as a percentage of annual days hunted by all individuals with a Minnesota hunting license;

(2) the estimated annual number of daily visits by individuals with a Minnesota fishing license using a public water access site that contains school trust lands and as a percentage of annual days fishing by all individuals with a Minnesota fishing license;

(3) the estimated annual visits by Minnesota-licensed watercrafts to state-owned public water access sites that contain school trust lands and as a percentage of all visits by Minnesota-licensed watercrafts using public water access sites;

(4) the total number of miles of state-maintained snowmobile trails and all-terrain vehicle trails that are on school trust lands and as a percentage of total miles of state-operated trails for each purpose;

(5) the total amount of acres of school trust lands located within state parks and recreation areas and as a percentage of all acres of land in state parks and recreation areas;

(6) any other uses of school trust lands for outdoor recreation that include individuals purchasing a permit or paying a fee for access to the school trust lands and the percentage of the total permits or fees for that purpose;

(7) the estimated cost of posting signage near entrances to school trust lands declaring that certain portions of the public land that are being used for outdoor recreation is school trust land; and

(8) the estimated cost of updating recreational use maps and other electronic and printed documents to distinctly label school trust lands that are contained within or are part of state recreational areas, parks, and trails.

Subd. 2. **Report to the legislature.** By January 15, 2026, the school trust lands director must report the findings in subdivision 1 to the chairs and ranking minority members of the legislative committees with jurisdiction over environment and natural resources.

Sec. 45. **CONFORMING CHANGES TO RULE; OHV USE AND FOREST CLASSIFICATIONS.**

The commissioner of natural resources must amend Minnesota Rules, part 6100.1950, regarding the use of off-highway vehicles to conform with the changes to Minnesota Statutes, section 84.777, in this act.

Sec. 46. **STATE PARK LICENSE PLATE DESIGN CONTEST.**

The commissioner of natural resources must hold a license plate design contest to design a new state park license plate available under Minnesota Statutes, section 168.1295, subdivision 1.

Sec. 47. **RUSTY PATCHED BUMBLE BEE ENDANGERED SPECIES DESIGNATION; RULEMAKING.**

(a) The commissioner of natural resources must amend Minnesota Rules, part 6134.0200, to designate the rusty patched bumble bee, *Bombus affinis*, as an endangered species.

(b) The commissioner may use the good cause exemption under Minnesota Statutes, section 14.388, subdivision 1, clause (3), to adopt rules under this section, and Minnesota Statutes, section 14.386, does not apply except as provided under Minnesota Statutes, section 14.388.

Sec. 48. **REPEALER.**

(a) Minnesota Statutes 2022, section 84.926, subdivision 1, is repealed.

(b) Laws 2003, chapter 128, article 1, section 167, subdivision 1, as amended by Laws 2005, First Special Session chapter 1, article 2, section 152, Laws 2007, chapter 57, article 1, section 155, is repealed.

(c) Minnesota Rules, part 6100.0500, subpart 8d, is repealed.

(d) Minnesota Statutes 2022, sections 84.033, subdivision 3; and 97B.802, are repealed.

EFFECTIVE DATE. Paragraphs (a), (b), and (c) are effective August 1, 2026.

ARTICLE 4
BOARD OF WATER AND SOIL RESOURCES

Section 1. Minnesota Statutes 2022, section 103B.101, subdivision 12, is amended to read:

Subd. 12. **Authority to issue penalty orders.** ~~(a) Except as provided under subdivision 12a,~~ The board may issue an order requiring violations to be corrected and administratively assessing monetary penalties of up to \$10,000 per violation for violations of this chapter and chapters 103C, 103D, 103E, 103F, and 103G, any rules adopted under those chapters, and any standards, limitations, or conditions established by the board.

(b) Administrative penalties issued by the board under paragraph (a) ~~or subdivision 12a~~, may be appealed according to section 116.072, if the recipient of the penalty requests a hearing by notifying the commissioner in writing within 30 days after receipt of the order. For the purposes of this section, the terms "commissioner" and "agency" as used in section 116.072 mean the board. If a hearing is not requested within the 30-day period, the order becomes a final order not subject to further review.

(c) Administrative penalty orders issued under paragraph (a) ~~or subdivision 12a~~, may be enforced under section 116.072, subdivision 9. Penalty amounts must be remitted within 30 days of issuance of the order.

(d) If the board determines that sufficient steps have been taken to fully resolve noncompliance, all or part of a penalty issued under this subdivision may be forgiven.

Sec. 2. Minnesota Statutes 2022, section 103B.101, subdivision 12a, is amended to read:

Subd. 12a. **Authority to issue penalty orders; counties and watershed districts.** (a) A county or watershed district with jurisdiction ~~or the Board of Water and Soil Resources~~ may issue an order requiring violations of the water resources riparian protection requirements under sections 103F.415, 103F.421, and 103F.48 to be corrected and administratively assessing monetary penalties up to ~~\$500~~ \$10,000 for noncompliance commencing on day one of the 11th month after the noncompliance notice was issued. The proceeds collected from an administrative penalty order issued under this section must be remitted to the county or watershed district with jurisdiction over the noncompliant site, or otherwise remitted to the Board of Water and Soil Resources.

(b) Before exercising this authority, the Board of Water and Soil Resources must adopt a plan containing procedures for the issuance of administrative penalty orders by local governments and the board as authorized in this subdivision and subdivision 12. This plan, and any subsequent amendments, ~~will become~~ is effective 30 days after being published in the State Register. ~~The initial plan must be published in the State Register no later than July 1, 2017.~~

(c) Administrative penalties may be reissued and appealed under paragraph (a) according to section 103F.48, subdivision 9.

Sec. 3. Minnesota Statutes 2023 Supplement, section 103B.104, is amended to read:

103B.104 LAWNS TO LEGUMES PROGRAM.

(a) The Board of Water and Soil Resources may provide financial and technical assistance to plant residential landscapes and community spaces with native vegetation and pollinator-friendly forbs and legumes to:

- (1) protect a diversity of pollinators with declining populations; and
- (2) provide additional benefits for water management, carbon sequestration, and landscape and climate resiliency.

(b) The board must establish criteria for grants or payments awarded under this section. Grants or payments awarded under this section may give priority consideration for proposals in areas identified by the United States Fish and Wildlife Service as areas where there is a high potential for rusty patched bumble bees and other priority species to be present.

(c) The board may collaborate with and enter into agreements with federal, state, and local agencies; Tribal Nations; nonprofit organizations; and contractors to implement and promote the program.

(d) Data on individuals who apply for or receive financial or technical assistance to plant residential landscapes or community spaces under the program are classified as private data on individuals, as defined by section 13.02, subdivision 12. Section 13.05, subdivision 11, applies to an agreement between the board and a private person to implement the program.

Sec. 4. Minnesota Statutes 2023 Supplement, section 103F.06, is amended by adding a subdivision to read:

Subd. 7. **Grant requirements.** In addition to the applicable grants management requirements under sections 16B.97 to 16B.991, as a condition of receiving financial assistance to purchase soil health equipment under this section, a farmer must commit to:

(1) if not certified under sections 17.9891 to 17.993, achieving certification no later than 24 months after the grant agreement is fully executed;

(2) not leasing or renting the equipment to another for economic gain; and

(3) if selling the equipment, selling it for no more than the farmer's documented share of the total purchase price.

Sec. 5. Minnesota Statutes 2022, section 103F.48, subdivision 7, is amended to read:

Subd. 7. **Corrective actions.** (a) If the soil and water conservation district determines a landowner is not in compliance with this section, the district must notify the county or watershed district with jurisdiction over the noncompliant site and the board. The county or watershed district with jurisdiction or the board must provide the landowner with a list of corrective actions needed to come into compliance and a practical timeline to meet the requirements in this section. The county or watershed district with jurisdiction must provide a copy of the corrective action notice to the board.

(b) A county or watershed district exercising jurisdiction under this subdivision and the enforcement authority granted in section 103B.101, subdivision 12a, shall affirm their jurisdiction and identify the ordinance, rule, or other official controls to carry out the compliance provisions of this section and section 103B.101, subdivision 12a, by notice to the board prior to March 31, 2017. A county or watershed district must provide notice to the board at least 60 days prior to the effective date of a subsequent decision on their jurisdiction.

(c) If the landowner does not comply with the list of actions and timeline provided, the county or watershed district may enforce this section under the authority granted in section 103B.101, subdivision 12a, or by rule of the watershed district or ordinance or other official control of the county. Before exercising administrative penalty authority, a county or watershed district must adopt a plan consistent with the plan adopted by the board containing procedures for the issuance of administrative penalty orders and may issue orders beginning November 1, 2017. If a county or watershed district with jurisdiction over the noncompliant site has not adopted a plan, rule, ordinance, or official control under this paragraph, the board must enforce this section under the authority granted in section 103B.101, subdivision ~~12a~~ 12.

(d) If the county, watershed district, or board determines that sufficient steps have been taken to fully resolve noncompliance, all or part of the penalty may be forgiven.

(e) An order issued under paragraph (c) may be appealed to the board as provided under subdivision 9.

(f) A corrective action is not required for conditions resulting from a flood or other act of nature.

(g) A landowner agent or operator of a landowner may not remove or willfully degrade a riparian buffer or water quality practice, wholly or partially, unless the agent or operator has obtained a signed statement from the property owner stating that the permission for the work has been granted by the unit of government authorized to approve the work in this section or that a buffer or water quality practice is not required as validated by the soil and water conservation district. Removal or willful degradation of a riparian buffer or water quality practice, wholly or partially, by an agent or operator is a separate and independent offense and may be subject to the corrective actions and penalties in this subdivision.

Sec. 6. **[103F.49] DRAIN TILE SELLER'S DISCLOSURE REQUIRED.**

Subdivision 1. Definition. For purposes of this section, "drain tile" means a system of tile, corrugated plastic tubing, pipe, or other conduit installed beneath the ground surface to collect and convey water.

Subd. 2. Disclosure required. (a) Before signing an agreement to sell or transfer real property classified for purposes of taxation under section 273.13 as class 2a or 2b, the seller must disclose in writing to the buyer the status and location of all known drain tile on the property by delivering to the buyer:

(1) a statement by the seller that the seller does not know of any drain tile on the property; or

(2) a disclosure statement indicating the legal description and county and, to the extent practicable, a map drawn from available information and accurate to scale identifying the location of drain tile on the property, including tile diameter and all outlets and control structures, and the drainage water flow path for the first mile downstream of the drain tile.

(b) At the time of closing the sale, the disclosure statement information, name and mailing address of the buyer, and the quartile, section, township, and range in which drain tile is located must be provided on a drain tile disclosure certificate signed by the seller or a person authorized to act on behalf of the seller.

(c) A drain tile certificate need not be provided if the seller does not know of any drain tile on the property and the deed or other instrument of conveyance contains the statement: "The Seller certifies that the Seller does not know of any drain tile on the described real property."

(d) If a deed is given pursuant to a contract for deed, the drain tile disclosure certificate required by this subdivision must be signed by the buyer or a person authorized to act on behalf of the buyer. If the buyer knows of no drain tile on the property, a drain tile disclosure certificate is not required if the following statement appears on the deed, followed by the signature of the grantee or, if there is more than one grantee, the signature of at least one of the grantees: "The Grantee certifies that the Grantee does not know of any drain tile on the described real property." The statement and signature of the grantee may be on the front or back of the deed or on an attached sheet, and an acknowledgment of the statement by the grantee is not required for the deed to be recordable.

(e) If the seller fails to provide a required drain tile disclosure certificate, the buyer, or a person authorized to act on behalf of the buyer, may sign a drain tile disclosure certificate based on the information provided on the disclosure statement required by this section or based on other available information.

(f) A county recorder or registrar of titles may not record a deed or other instrument of conveyance dated after January 1, 2026, for which a certificate of value is required under section 272.115, or any deed or other instrument of conveyance dated after January 1, 2026, from a governmental body exempt from the payment of state deed tax, unless the deed or other instrument of conveyance contains the statement made in accordance with paragraph (c) or (d) or is accompanied by the drain tile disclosure certificate containing all the information required by paragraph (b) or (d).

(g) The county recorder or registrar of titles must not accept a certificate unless it contains all required information. The county recorder or registrar of titles must note on each deed or other instrument of conveyance accompanied by a drain tile disclosure certificate that the drain tile disclosure certificate was received. The notation must include the statement "No drain tile on property" if the disclosure certificate states that there is no drain tile on the property.

(h) The drain tile disclosure certificate must not be filed or recorded in the records maintained by the county recorder or registrar of titles. After noting "No drain tile on property" on the deed or other instrument of conveyance, the county recorder or registrar of titles must destroy or return to the buyer the drain tile disclosure certificate.

(i) The county recorder or registrar of titles must collect from the buyer or the person seeking to record a deed or other instrument of conveyance a fee of \$50 for receipt of a completed drain tile disclosure certificate. By the tenth day of each month, the county recorder or registrar of titles must transmit the drain tile disclosure certificates to the Board of Water and Soil Resources. By the tenth day after the end of each calendar quarter, the county recorder or registrar of titles must transmit to the Board of Water and Soil Resources \$42.50 of the fee for each drain disclosure certificate received during the quarter. The board must maintain the drain tile disclosure certificate for at least six years. The board may store the certificate as an electronic image. A copy of that image is as valid as the original.

(j) The Board of Water and Soil Resources, in consultation with county recorders, must prescribe the form for a drain tile disclosure certificate and provide drain tile disclosure certificate forms to county recorders, registrars of titles, and other interested persons.

(k) Failure to comply with a requirement of this section does not impair:

(1) the validity of a deed or other instrument of conveyance as between the parties to the deed or instrument or as to any other person who otherwise would be bound by the deed or instrument; or

(2) the record, as notice, of any deed or other instrument of conveyance accepted for filing or recording contrary to the provisions of this subdivision.

Subd. 3. **Liability for failure to disclose.** Unless the buyer and seller agree to the contrary, in writing, before the closing of the sale, a seller who fails to disclose the existence or known status of drain tile at the time of sale and knew or had reason to know of the existence or known status of the drain tile is liable to the buyer for costs incurred to repair the drain tile and reasonable attorney fees for collection of costs from the seller, if the action is commenced within six years after the date the buyer closed the purchase of the real property where the drain tile is located.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 7. **SOIL HEALTH APPROPRIATIONS; REPORT.**

By January 15, 2026, the Board of Water and Soil Resources must submit a report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over environment and natural resources on the expenditure of money appropriated for soil health activities under Laws 2023, chapter 60, article 1, section 4, paragraph (k).

ARTICLE 5
PACKAGING WASTE AND COST REDUCTION ACT

Section 1. [115A.144] SHORT TITLE.

Sections 115A.144 to 115A.1462 may be cited as the "Packaging Waste and Cost Reduction Act."

Sec. 2. [115A.1441] DEFINITIONS.

Subdivision 1. Scope. For the purposes of sections 115A.144 to 115A.1462, the terms in this section have the meanings given.

Subd. 2. Advisory board. "Advisory board" or "board" means the Producer Responsibility Advisory Board established under section 115A.1444.

Subd. 3. Brand. "Brand" means a name, symbol, word, or mark that identifies a product and attributes the product and its components, including packaging, to the brand owner.

Subd. 4. Brand owner. "Brand owner" means a person that owns or licenses a brand or that otherwise has rights to market a product under the brand, whether or not the brand's trademark is registered.

Subd. 5. Collection rate. "Collection rate" means the amount of a covered material by covered materials type collected by service providers and transported for recycling or composting divided by the total amount of the type of a covered material by covered materials type sold or distributed into the state by the relevant unit of measurement established in section 115A.1451.

Subd. 6. Compostable material. "Compostable material" means a covered material that:

(1) meets, and is labeled to reflect that it meets, the American Society for Testing and Materials Standard Specification for Labeling of Plastics Designed to be Aerobically Composted in Municipal or Industrial Facilities (D6400) or its successor;

(2) meets, and is labeled to reflect that it meets, the American Society for Testing and Materials Standard Specification for Labeling of End Items that Incorporate Plastics and Polymers as Coatings or Additives with Paper and Other Substrates Designed to be Aerobically Composted in Municipal or Industrial Facilities (D6868) or its successor;

(3) is comprised of only wood without any coatings or additives; or

(4) is comprised of only paper without any coatings or additives.

Subd. 7. Composting. "Composting" means the controlled microbial degradation of source-separated compostable materials to yield a humus-like product.

Subd. 8. Composting rate. "Composting rate" means the amount of compostable covered material that is managed through composting, divided by the total amount of compostable covered material sold or distributed into the state by the relevant unit of measurement established in section 115A.1451.

Subd. 9. Covered material. "Covered material" means packaging and paper products introduced into the state. Covered material does not include exempt materials.

Subd. 10. **Covered materials type.** "Covered materials type" means a singular and specific type of covered material that can be categorized based on distinguishing chemical or physical properties, including properties that allow for a covered materials type to be aggregated into a commonly defined discrete commodity category for purposes of reuse, recycling, or composting, and based on similar uses in the form of a product or package.

Subd. 11. **De minimis producer.** "De minimis producer" means a person that in the most recent fiscal year:

(1) introduced less than one ton of covered material into this state; or

(2) earned global gross revenues of less than \$2,000,000.

Subd. 12. **Drop-off collection site.** "Drop-off collection site" means a physical location where covered materials are accepted from the public and that is open a minimum of 12 hours weekly throughout the year.

Subd. 13. **Environmental impact.** "Environmental impact" means the impact of a covered material on human health and the environment from extraction and processing of the raw materials composing the material through manufacturing; distribution; use; recovery for reuse, recycling, or composting; and final disposal.

Subd. 14. **Exempt materials.** "Exempt materials" means materials, or any portion of materials, that:

(1) are packaging for infant formula, as defined in United States Code, title 21, section 321(z);

(2) are packaging for medical food, as defined in United States Code, title 21, section 360ee(b)(3);

(3) are packaging for a fortified oral nutritional supplement used by persons who require supplemental or sole source nutrition to meet nutritional needs due to special dietary needs directly related to cancer, chronic kidney disease, diabetes, malnutrition, or failure to thrive, as those terms are defined by the International Classification of Diseases, Tenth Revision;

(4) are packaging for medical devices or drugs, as defined in the federal Food, Drug, and Cosmetic Act, United States Code, title 21, sections 321(g), 321(h), and 353(b)(1), as amended;

(5) are packaging for products regulated as animal biologics, including vaccines, bacterins, antisera, diagnostic kits, and other products of biological origin, under the federal Virus-Serum-Toxin Act, United States Code, title 21, section 151 et seq., as amended;

(6) are packaging for products regulated under the federal Insecticide, Fungicide, and Rodenticide Act, United States Code, title 7, section 136 et seq., as amended;

(7) are paper products used for a print publication with a circulation of less than 20,000 that primarily includes content derived from primary sources related to news and current events; or

(8) are exempt materials, as determined by the commissioner under section 115A.1453, subdivision 6.

Subd. 15. **Food packaging.** "Food packaging" has the meaning given in section 325F.075.

Subd. 16. **Independent auditor.** "Independent auditor" means an independent and actively licensed certified public accountant that is:

(1) retained by a producer responsibility organization;

(2) not otherwise employed by or affiliated with a producer responsibility organization; and

(3) qualified to conduct an audit under state law.

Subd. 17. **Infrastructure investment.** "Infrastructure investment" means an investment by a producer responsibility organization that funds:

(1) equipment or facilities in which covered materials are prepared for reuse, recycling, or composting;

(2) equipment or facilities used for waste reduction, reuse, recycling, or composting of covered materials; or

(3) the expansion or strengthening of demand for and use of covered materials by responsible markets in the state or region.

Subd. 18. **Introduce.** "Introduce" means to sell, offer for sale, distribute, or use to ship a product within or into this state.

Subd. 19. **Living wage.** "Living wage" means the minimum hourly wage necessary to allow a person working 40 hours per week to afford basic needs.

Subd. 20. **Needs assessment.** "Needs assessment" means an assessment conducted according to section 115A.1450. Except where the context requires otherwise, needs assessment means the most recently completed needs assessment.

Subd. 21. **Nondisclosure agreement.** "Nondisclosure agreement" means an agreement that requires the parties to the agreement to treat private and nonpublic data submitted to facilitate the completion of a needs assessment according to section 115A.06, subdivision 13.

Subd. 22. **Packaging.** "Packaging" has the meaning given in section 115A.03 and includes food packaging. Packaging does not include exempt materials.

Subd. 23. **Paper product.** "Paper product" means a product made primarily from wood pulp or other cellulosic fibers, except that paper product does not include bound books or products that recycling or composting facilities will not accept because of the unsafe or unsanitary nature of the paper product.

Subd. 24. **Postconsumer recycled content.** "Postconsumer recycled content" means the portion of a product composed of postconsumer material, expressed as a percentage of the total weight of the product.

Subd. 25. **Producer.** (a) "Producer" means the following person responsible for compliance with requirements under sections 115A.144 to 115A.1462 for a covered material sold, offered for sale, or distributed in or into this state:

(1) for items sold in or with packaging at a physical retail location in this state:

(i) if the item is sold in or with packaging under the brand of the item manufacturer or is sold in packaging that lacks identification of a brand, the producer is the person that manufactures the item;

(ii) if there is no person to which item (i) applies, the producer is the person that is licensed to manufacture and sell or offer for sale to consumers in this state an item with packaging under the brand or trademark of another manufacturer or person;

(iii) if there is no person to which item (i) or (ii) applies, the producer is the brand owner of the item;

(iv) if there is no person described in item (i), (ii), or (iii) within the United States, the producer is the person who is the importer of record for the item into the United States for use in a commercial enterprise that sells, offers for sale, or distributes the item in this state; or

(v) if there is no person described in items (i) to (iv), the producer is the person that first distributes the item in or into this state;

(2) for items sold or distributed in packaging in or into this state via e-commerce, remote sale, or distribution:

(i) for packaging used to directly protect or contain the item, the producer of the packaging is the same as the producer identified under clause (1); and

(ii) for packaging used to ship the item to a consumer, the producer of the packaging is the person that packages the item to be shipped to the consumer;

(3) for packaging that is a covered material and is not included in clauses (1) and (2), the producer of the packaging is the person that first distributes the item in or into this state;

(4) for paper products that are magazines, catalogs, telephone directories, or similar publications, the producer is the publisher;

(5) for paper products not described in clause (4):

(i) if the paper product is sold under the manufacturer's own brand, the producer is the person that manufactures the paper product;

(ii) if there is no person to which item (i) applies, the producer is the person that is the owner or licensee of a brand or trademark under which the paper product is used in a commercial enterprise, sold, offered for sale, or distributed in or into this state, whether or not the trademark is registered in this state;

(iii) if there is no person to which item (i) or (ii) applies, the producer is the brand owner of the paper product;

(iv) if there is no person described in item (i), (ii), or (iii) within the United States, the producer is the person that imports the paper product into the United States for use in a commercial enterprise that sells, offers for sale, or distributes the paper product in this state; or

(v) if there is no person described in items (i) to (iv), the producer is the person that first distributes the paper product in or into this state; and

(6) a person is the producer of a covered material sold, offered for sale, or distributed in or into this state, as defined in clauses (1) to (5), except:

(i) where another person has mutually signed an agreement with a producer as defined in clauses (1) to (5) that contractually assigns responsibility to the person as the producer, and the person has joined a registered producer responsibility organization as the responsible producer for that covered material under sections 115A.144 to 115A.146. In the event that another person is assigned responsibility as the producer under this subdivision, the producer under clauses (1) to (5) must provide written certification of that contractual agreement to the producer responsibility organization; and

(ii) if the producer described in clauses (1) to (5) is a business operated wholly or in part as a franchise, the producer is the franchisor if that franchisor has franchisees that have a commercial presence within the state.

(b) "Producer" does not include:

(1) government agencies, municipalities, or other political subdivisions of the state;

(2) registered 501(c)(3) charitable organizations and 501(c)(4) social welfare organizations; or

(3) de minimis producers.

Subd. 26. Producer responsibility organization. "Producer responsibility organization" means a nonprofit corporation that is tax exempt under chapter 501(c)(3) of the federal Internal Revenue Code and that is created by a group of producers to implement activities under sections 115A.144 to 115A.1462.

Subd. 27. Recycling. "Recycling" has the meaning given in section 115A.03 except that recycling does not include reuse or composting.

Subd. 28. Recycling rate. "Recycling rate" means the amount of covered material, in aggregate or by individual covered materials type, managed through recycling in a calendar year divided by the total amount of covered materials sold or distributed into the state by the relevant unit of measurement established in section 115A.1451.

Subd. 29. Refill. "Refill" means the continued use of a covered material by a consumer through a system that is:

(1) intentionally designed and marketed for repeated filling of a covered material to reduce demand for new production of the covered material;

(2) supported by adequate logistics and infrastructure to provide convenient access for consumers; and

(3) compliant with all applicable state and local statutes, rules, ordinances, and other laws governing health and safety.

Subd. 30. Responsible market. "Responsible market" means a materials market that:

(1) reuses, recycles, composts, or otherwise recovers materials and disposes of contaminants in a manner that protects the environment and minimizes risks to public health and worker health and safety;

(2) complies with all applicable federal, state, and local statutes, rules, ordinances, and other laws governing environmental, health, safety, and financial responsibility;

(3) possesses all requisite licenses and permits required by government agencies;

(4) if the market operates in the state, manages waste according to the waste management goal and priority order of waste management practices stated in section 115A.02; and

(5) minimizes adverse impacts to environmental justice areas.

Subd. 31. **Return rate.** "Return rate" means the amount of reusable covered material, in aggregate or by individual covered materials type, collected for reuse by the producer or service provider in a calendar year divided by the total amount of reusable covered materials sold or distributed into the state by the relevant unit of measurement established in section 115A.1451.

Subd. 32. **Reusable.** "Reusable" means capable of reuse.

Subd. 33. **Reuse.** "Reuse" means the return of a covered material to the marketplace and the continued use of the covered material by a producer or service provider when the covered material is:

(1) intentionally designed and marketed to be used multiple times for its original intended purpose without a change in form;

(2) designed for durability and maintenance to extend its useful life and reduce demand for new production of the covered material;

(3) supported by adequate logistics and infrastructure at a retail location, by a service provider, or on behalf of or by a producer, that provides convenient access for consumers; and

(4) compliant with all applicable state and local statutes, rules, ordinances, and other laws governing health and safety.

Subd. 34. **Reuse rate.** "Reuse rate" means the share of units of a covered material sold or distributed into the state in a calendar year that are deemed reusable by the commissioner according to section 115A.1451.

Subd. 35. **Service provider.** "Service provider" means an entity that collects, transfers, sorts, processes, or otherwise prepares covered materials for reuse, recycling, or composting. A political subdivision that provides or that contracts or otherwise arranges with another party to provide reuse, collection, recycling, or composting services for covered materials within its jurisdiction may be a service provider regardless of whether it provided, contracted for, or otherwise arranged for similar services before the approval of the applicable stewardship plan.

Subd. 36. **Third-party certification.** "Third-party certification" means certification by an accredited independent organization that a standard or process required by sections 115A.144 to 115A.1462, or a stewardship plan approved under sections 115A.144 to 115A.1462, has been achieved.

Subd. 37. **Toxic substance.** "Toxic substance" means hazardous waste; a problem material; a chemical or chemical class regulated under section 115A.965, 116.943, 325F.075, or 325F.172 to 325F.179; or a chemical of high concern identified under section 116.9402.

Subd. 38. **Waste reduction or source reduction.** "Waste reduction" or "source reduction" has the meaning given in section 115A.03, except that waste reduction or source reduction includes refill, but does not include reuse.

Sec. 3. **[115A.1442] ESTABLISHMENT OF PROGRAM.**

Producers must implement and finance a statewide program for packaging and paper products in accordance with sections 115A.144 to 115A.1462 that encourages packaging redesign to reduce the environmental impacts and human health impacts and that reduces generation of covered materials waste through waste reduction, reuse, recycling, and composting and by providing for negotiation and execution of agreements to collect, transport, and process used covered materials for reuse, recycling, and composting.

Sec. 4. **[115A.1443] REGISTRATION OF PRODUCER RESPONSIBILITY ORGANIZATIONS.**

Subdivision 1. **Annual registration.** (a) By January 1, 2025, and annually thereafter, producers must appoint a producer responsibility organization and the organization must register with the commissioner by submitting the following:

(1) contact information for a person responsible for implementing an approved stewardship plan;

(2) a list of all member producers that will operate under the stewardship plan administered by the producer responsibility organization and, for each producer, a list of all brands of the producer's covered materials introduced in this state;

(3) copies of written agreements with each producer stating that each producer agrees to operate under an approved stewardship plan administered by the producer responsibility organization;

(4) a list of current board members and the executive director if different than the person responsible for implementing approved stewardship plans; and

(5) payment of the annual fee required under subdivision 2.

(b) If more than a single producer responsibility organization is established, the producers and producer responsibility organizations must establish a coordinating body and process to prevent redundancy of service contracts among service providers and to ensure the efficient delivery of waste management services. The stewardship plans of all producer responsibility organizations must be integrated into a single stewardship plan that covers all requirements of sections 115A.144 to 115A.1462 and encompasses all producers when submitted to the commissioner for approval. The annual reports of all producer responsibility organizations must be integrated into a single annual report that covers all requirements of sections 115A.144 to 115A.1462 and encompasses all producers when submitted to the commissioner.

Subd. 2. **Registration fee.** (a) As part of its annual registration with the commissioner, a producer responsibility organization must submit to the commissioner an annual fee for the following year, as determined by the commissioner. Beginning October 1, 2028, and annually thereafter, the commissioner must notify registered producer responsibility organizations in writing of the amount of the fee for the following year. If there is more than one registered producer responsibility organization, the coordinating body described in subdivision 1, paragraph (b), must equitably apportion payment of the annual fee between all registered producer responsibility organizations. The annual fee must be set at an amount anticipated to in the aggregate meet but not exceed the commissioner's estimate of the costs required to perform the commissioner's duties as described in section 115A.1445 and to otherwise administer, implement, and enforce sections 115A.144 to 115A.1462.

(b) The commissioner must reconcile the fees paid by a producer responsibility organization under this subdivision with the actual costs incurred by the agency on an annual basis, by means of credits or refunds to or additional payments required of a producer responsibility organization, as applicable.

(c) Fees collected by the commissioner under this section are appropriated to the commissioner for the purposes of sections 115A.144 to 115A.1462.

Subd. 3. **Initial producer responsibility organization registration; implementation fee.** (a) Notwithstanding the other provisions of this section, the commissioner may not allow registration of more than one producer responsibility organization under this section before the first stewardship plan approved by the commissioner expires. If more than one producer responsibility organization applies to register under this section before the first stewardship plan is approved by the commissioner, the commissioner must select the producer responsibility

organization that will represent producers until the first stewardship plan expires and must return the registration fee paid by applicants who are not selected. When selecting a producer responsibility organization, the commissioner must consider whether the producer responsibility organization:

(1) has a governing board consisting of producers that represent a diversity of covered materials introduced in the state; and

(2) demonstrates adequate financial responsibility and financial controls to ensure proper management of funds.

(b) By October 1, 2025, and annually until the first stewardship plan is approved, the commissioner must provide written notice to the initial producer responsibility organization registered under this section of the commissioner's estimate of the cost of conducting the initial needs assessment and the commissioner's costs to administer sections 115A.144 to 115A.1462 during the period prior to plan approval. The producer responsibility organization must remit payment in full for these costs to the commissioner within 45 days of receipt of this notice. The producer responsibility organization may charge each member producer to cover the cost of its implementation fee according to each producer's unit-, weight-, volume-, or sales-based market share or by another method it determines to be an equitable determination of each producer's payment obligation.

Subd. 4. **Requirement for additional producer responsibility organizations.** The commissioner may allow registration of more than one producer responsibility organization if:

(1) producers of a covered materials type or a specific covered material appoint a producer responsibility organization; or

(2) producers organize under additional producer responsibility organizations that meet the criteria established in subdivision 3, paragraph (a).

Sec. 5. [115A.1444] ESTABLISHMENT OF PRODUCER RESPONSIBILITY ADVISORY BOARD.

Subdivision 1. **Establishment.** The Producer Responsibility Advisory Board is established to review all programs conducted by producer responsibility organizations under sections 115A.144 to 115A.1462 and to advise the commissioner and producer responsibility organizations regarding the implementation of sections 115A.144 to 115A.1462.

Subd. 2. **Membership.** (a) The membership of the advisory board consists of persons appointed by the commissioner by January 1, 2025, as follows:

(1) two members representing manufacturers of covered materials or a statewide or national trade association representing those manufacturers;

(2) two members representing recycling facilities that manage covered materials;

(3) one member representing a waste hauler or a statewide association representing waste haulers;

(4) one member representing retailers of covered materials or a statewide trade association representing those retailers;

(5) one member representing a statewide nonprofit environmental organization;

(6) one member representing a community-based nonprofit environmental justice organization;

(7) one member representing a waste facility that receives and sorts covered materials and transfers them to another facility for reuse, recycling, or composting;

(8) one member representing a waste facility that receives compostable materials for composting or a statewide trade association that represents such facilities;

(9) two members representing an entity that develops or offers for sale covered materials that are designed for reuse and maintained through a reuse system or infrastructure or a statewide or national trade association that represents such entities;

(10) three members representing organizations of political subdivisions;

(11) two members representing other stakeholders or additional members of interests represented under clauses (1) to (10) as determined by the commissioner; and

(12) one member representing the commissioner.

(b) In making appointments under paragraph (a), the commissioner:

(1) may not appoint members who are state legislators or registered lobbyists;

(2) may not appoint members who are employees of a producer required to be members of a producer responsibility organization in this state under sections 115A.144 to 115A.1462; and

(3) must endeavor to appoint members from all regions of the state.

Subd. 3. **Terms; removal.** A member of the advisory board appointed under subdivision 2, paragraph (a), clause (12), serves at the pleasure of the commissioner. All other members serve for a term of four years, except that the initial term for nine of the initial appointees must be two years so that membership terms are staggered. Members may be reappointed but may not serve more than eight consecutive years. Removing members and filling of vacancies is governed by section 15.059, subdivision 4. Except as otherwise provided, chapter 15 does not apply to the board.

Subd. 4. **Compensation.** Members of the board must be compensated according to section 15.059, subdivision 3.

Subd. 5. **Quorum.** A majority of the voting board members constitutes a quorum. If there is a vacancy in the membership of the board, a majority of the remaining voting members of the board constitutes a quorum.

Subd. 6. **Voting.** Action by the advisory board requires a quorum and a majority of those present and voting. All members of the advisory board, except the member appointed under subdivision 2, paragraph (a), clause (12), are voting members of the board.

Subd. 7. **Meetings.** The advisory board must meet at least two times per year and may meet more frequently upon ten days' written notice at the request of the chair or a majority of its members.

Subd. 8. **Open meetings.** Meetings of the board must comply with chapter 13D.

Subd. 9. **Chair.** At its initial meeting, and every two years thereafter, the advisory board must elect a chair and vice-chair from among its members.

Subd. 10. **Administrative and operating support.** The commissioner must provide administrative and operating support to the advisory board and may contract with a third-party facilitator to assist in administering the activities of the advisory board, including establishing a website or landing page on the agency website.

Subd. 11. **Conflict of interest policies.** The commissioner must assist the advisory board in developing policies and procedures governing the disclosure of actual or perceived conflicts of interest that advisory board members may have as a result of their employment or financial holdings of themselves or of family members. Each advisory board member is responsible for reviewing the conflict of interest policies and procedures. An advisory board member must disclose any instance of actual or perceived conflicts of interest at each meeting of the advisory board at which recommendations regarding stewardship plans, programs, operations, or activities are made by the advisory board.

Sec. 6. **[115A.1445] COMMISSIONER RESPONSIBILITIES.**

The commissioner must:

- (1) appoint the initial membership of the advisory board by January 1, 2025, according to section 115A.1444;
- (2) provide administrative and operating support to the advisory board, as required by section 115A.1444, subdivision 10;
- (3) complete an initial needs assessment by December 31, 2026, and update the needs assessment every five years thereafter, according to section 115A.1450;
- (4) approve stewardship plans and amendments to stewardship plans according to section 115A.1451;
- (5) provide the lists of covered materials that are recyclable or compostable and exempt materials developed by the commissioner under section 115A.1453 to all producer responsibility organizations by March 1, 2027;
- (6) post on the agency's website:
 - (i) the most recent registration materials submitted by producer responsibility organizations, including all information submitted under section 115A.1443, subdivision 1;
 - (ii) the most recent needs assessment;
 - (iii) any stewardship plan or amendment submitted by a producer responsibility organization under section 115A.1451 that is in draft form during the public comment period;
 - (iv) the most recent lists of recyclable or compostable covered materials and of exempt materials developed by the commissioner under section 115A.1453;
 - (v) the most recent list of exempt materials approved by the commissioner under section 115A.1453;
 - (vi) links to producer responsibility organization websites;
 - (vii) comments of the public, advisory board, and producer responsibility organizations on the documents listed in items (ii), (iii), (iv), and (viii), and the responses of the commissioner to those comments; and
 - (viii) links to adopted rules implementing sections 115A.144 to 115A.1462;

(7) provide producer responsibility organizations with information regarding Minnesota and federal laws that prohibit toxic substances in covered materials;

(8) require and approve independent auditors to perform an annual financial audit of program operations of each producer responsibility organization; and

(9) consider and respond in writing to all written comments received from the advisory board.

Sec. 7. **[115A.1446] PRODUCER RESPONSIBILITY ADVISORY BOARD RESPONSIBILITIES.**

The Producer Responsibility Advisory Board must:

(1) convene its initial meeting by March 1, 2025;

(2) consult with the commissioner regarding the scope of the needs assessment and to provide written comments on needs assessments, according to section 115A.1450, subdivision 2;

(3) advise on the development of stewardship plans and amendments to stewardship plans under section 115A.1451;

(4) submit comments to producer responsibility organizations and to the commissioner on any matter relevant to the administration of sections 115A.144 to 115A.1462; and

(5) provide written comments to the commissioner during any rulemaking process undertaken by the commissioner under section 115A.1459.

Sec. 8. **[115A.1447] PRODUCER RESPONSIBILITY ORGANIZATION RESPONSIBILITIES.**

A producer responsibility organization must:

(1) annually register with the commissioner, according to section 115A.1443;

(2) submit a stewardship plan to the commissioner by March 1, 2028, and every five years thereafter, according to section 115A.1451;

(3) implement stewardship plans approved by the commissioner under section 115A.1451 and to comply with the requirements of sections 115A.144 to 115A.1462;

(4) forward upon receipt from the commissioner the lists of covered materials that are recyclable or compostable and exempt materials developed by the commissioner under section 115A.1453 to all service providers that participate in a stewardship plan administered by the producer responsibility organization;

(5) collect producer fees according to section 115A.1454;

(6) submit the reports required by section 115A.1456;

(7) ensure that producers operating under a stewardship plan administered by the producer responsibility organization comply with the requirements of the stewardship plan and with sections 115A.144 to 115A.1462;

(8) expel a producer from the producer responsibility organization if efforts to return the producer to compliance with the plan or with the requirements of sections 115A.144 to 115A.1462 are unsuccessful. The producer responsibility organization must notify the commissioner when a producer has been expelled under this clause;

(9) consider and respond in writing to comments received from the advisory board, including justifications for not incorporating any recommendations;

(10) provide producers with information regarding state and federal laws that prohibit substances in covered materials, including sections 115A.965, 116.943, 325F.075, and 325F.172 to 325F.179 and all laws prohibiting toxic substances in covered materials;

(11) maintain a website according to section 115A.1457;

(12) notify the commissioner within 30 days if a change is made to the contact information for a person responsible for implementing the stewardship plan, a change to the board members, or a change to the executive director; and

(13) assist service providers in identifying and using responsible markets.

Sec. 9. **[115A.1448] PRODUCER RESPONSIBILITIES.**

Subdivision 1. **Registration required; prohibition of sale.** (a) After January 1, 2025, a producer must be a member of a producer responsibility organization registered in this state.

(b) After January 1, 2029, no producer may introduce covered materials, either separately or when used to package another product, unless the producer operates under a written agreement with a producer responsibility organization to operate under an approved stewardship plan.

(c) After January 1, 2032, no producer may introduce covered materials into the state unless the covered materials are:

(1) collected under a program in a stewardship plan approved by the commissioner under section 115A.1451, subdivision 4;

(2) reusable, included in a reuse system that meets the reuse rate and return rate required under section 115A.1451, subdivision 7, and included in an approved stewardship plan;

(3) capable of waste reduction and are in a system for waste reduction included in an approved stewardship plan;

(4) included on the list established under section 115A.1453, subdivision 1; or

(5) included on the list established under section 115A.1453, subdivision 2.

Subd. 2. **Duties.** A producer must:

(1) implement the requirements of the stewardship plan under which the producer operates and to comply with the requirements of sections 115A.144 to 115A.1462; and

(2) pay producer fees according to section 115A.1454.

Sec. 10. **[115A.1449] SERVICE PROVIDER RESPONSIBILITIES.**

A service provider participating in an approved stewardship plan must:

(1) provide for the collection and management of covered materials generated in the state pursuant to contractual agreements with a producer responsibility organization or arrangements with other service providers that are entered into under an approved stewardship plan; and

(2) if the service provider is a political subdivision, provide at least a one-year advance notice to the producer responsibility organization if the political subdivision plans to cease acting as a service provider.

Sec. 11. **[115A.1450] NEEDS ASSESSMENT.**

Subdivision 1. Needs assessment required. By December 31, 2026, and every five years thereafter, the commissioner must complete a statewide needs assessment according to this section.

Subd. 2. Input from interested parties. In conducting a needs assessment, the commissioner must:

(1) initiate a consultation process to obtain recommendations from the advisory board, political subdivisions, service providers, producer responsibility organizations, and other interested parties regarding the type and scope of information that should be collected and analyzed in the statewide needs assessment required by this section;

(2) contract with a third party who is not a producer or a producer responsibility organization to conduct the needs assessment; and

(3) prior to finalizing the needs assessment, make the draft needs assessment available for comment by the advisory board, producer responsibility organizations, and the public. The commissioner must respond in writing to the comments and recommendations of the advisory board and producer responsibility organizations.

Subd. 3. Content of needs assessment. A needs assessment must include at a minimum:

(1) an evaluation of the performance of:

(i) existing waste reduction, reuse, recycling, and composting efforts for each covered materials type, as applicable, including collection rates, recycling rates, composting rates, reuse rates, and return rates for each covered materials type;

(ii) the stewardship plan with respect to the recycling rate, composting rate, reuse rate, and return rate for all covered materials; and

(iii) the extent to which postconsumer recycled content is incorporated into each covered materials type, as applicable;

(2) an evaluation of a representative sample of management of covered materials with mixed municipal solid waste, as source-separated recyclable materials, and as source-separated compostable materials as received by waste management, recycling, and composting facilities in the state, and relevant findings from any publicly available waste stream evaluations conducted within the previous year, to evaluate the amount and portion of covered materials being disposed of that would otherwise be recyclable or compostable;

(3) proposals for a range of potential performance targets to meet statewide requirements as applicable to each covered materials type to be accomplished within a five-year time frame in multiple units of measurement, including but not limited to unit-based, weight-based, and volume-based, for each of the following:

(i) waste reduction;

(ii) reuse rates and return rates;

(iii) recycling rates;

(iv) composting rates; and

(v) postconsumer recycled content;

(4) an evaluation of the following factors for each covered material collected for recycling or composting:

(i) current availability of recycling collection services;

(ii) recycling collection and processing infrastructure;

(iii) capacity and technology for sorting covered materials;

(iv) availability of responsible end markets;

(v) the presence and amount of processing residuals, contamination, and toxic substances;

(vi) quantity of material estimated to be available and recoverable;

(vii) projected future conditions for clauses (i) to (vi); and

(viii) other criteria or factors determined by the commissioner;

(5) recommended collection methods, by covered materials type, to maximize collection efficiency and feedstock quality;

(6) proposed plans and metrics for how to measure progress in achieving performance targets and statewide requirements;

(7) an evaluation of options for third-party certification of activities to meet obligations of sections 115A.144 to 115A.1462;

(8) an inventory of the current system, including:

(i) infrastructure, capacity, performance, funding level, and method and sources of financing for the existing waste reduction, reuse, collection, transportation, processing, recycling, and composting systems for covered materials operating in the state; and

(ii) availability and cost of waste reduction, reuse, recycling, and composting services for covered materials at single-family residences, multifamily residences, commercial facilities, industrial facilities, institutional facilities, and public places, including identification of disparities in the availability of these services in environmental justice areas compared with other areas and proposals for reducing or eliminating those disparities;

(9) an evaluation of investments needed to:

(i) increase waste reduction, reuse, recycling, and composting rates of covered materials in order to achieve performance targets proposed in clause (3);

(ii) maintain or improve operations of existing infrastructure, taking into account the waste reduction, reuse, recycling, and composting of covered materials;

(iii) expand the availability and accessibility of recycling collection services for recyclable covered materials to all residents of the state at an equivalent level of service and convenience as collection services for mixed municipal solid waste; and

(iv) establish and expand the availability and accessibility of reuse services for reusable covered materials;

(10) proposed formulas reimbursing service providers, based on factors identified in section 115A.1455, subdivision 4;

(11) an assessment of the viability and robustness of markets for recyclable covered materials and the degree to which these markets can be considered responsible markets;

(12) an assessment of the level and causes of contamination of source-separated recyclable materials, source-separated compostable materials and collected reusables, and the impacts of contamination on service providers, including the cost to manage this contamination;

(13) an assessment of toxic substances intentionally added to covered materials, their potential environmental impacts and human health impacts, and whether this limits one or more covered materials types from being used as a marketable feedstock;

(14) an assessment of current best practices to increase public awareness, educate, and complete outreach activities accounting for culturally responsive materials and methods and an evaluation of the impact of these practices on:

(i) using product labels as a means of informing consumers about environmentally sound use and management of covered materials;

(ii) increasing public awareness of how to use and manage covered materials in an environmentally sound manner and how to access waste reduction, reuse, recycling, and composting services; and

(iii) encouraging behavior change to increase participation in waste reduction, reuse, recycling, and composting programs;

(15) an assessment of each covered material's:

(i) generation of hazardous waste and greenhouse gas emissions; and

(ii) impacts on environmental justice and public health;

(16) identification of the covered materials with the most significant environmental impact; and

(17) other items identified by the commissioner that would aid the creation of the stewardship plan, its administration, and the enforcement of sections 115A.144 to 115A.1462.

Subd. 4. **Needs assessment as baseline.** When determining the extent to which any statewide requirement or performance target under sections 115A.144 to 115A.1462 has been achieved, information contained in a needs assessment must serve as the baseline for that determination, when applicable.

Subd. 5. **Participation required.** A service provider or other person with data or information necessary to complete a needs assessment must provide the data or information to the commissioner in a timely fashion upon request. A service provider or other person who does not want to be identified with information submitted to the commissioner under this subdivision may request to proceed under a nondisclosure agreement. Once a request is made, the requestor, the commissioner, and all third parties participating in the completion of the needs assessment in whatever capacity must enter into a nondisclosure agreement. Once these parties have entered into a nondisclosure agreement, the requestor must submit the necessary data or information to the contractor selected by the commissioner. The contractor must aggregate and anonymize the data or information received from all parties proceeding under a nondisclosure agreement under this subdivision and must then submit the aggregated anonymized information to the commissioner or to the party or parties contracted to complete the needs assessment.

Sec. 12. **[115A.1451] STEWARDSHIP PLAN.**

Subdivision 1. **Stewardship plan required.** By March 1, 2028, and every five years thereafter, a producer responsibility organization must submit a stewardship plan to the commissioner that describes the proposed operation by the organization of programs to fulfill the requirements of sections 115A.144 to 115A.1462 and that incorporates the findings and results of needs assessments. Once approved, a stewardship plan remains in effect for five years, as amended, or until a subsequent stewardship plan is approved.

Subd. 2. **Advisory board review of draft plan and amendments.** A producer responsibility organization must submit a draft stewardship plan or draft amendment to the advisory board at least 60 days before submitting the draft plan or draft amendment to the commissioner to allow the advisory board to submit comments and must address advisory board comments and recommendations before submitting the draft plan or draft amendment to the commissioner.

Subd. 3. **Content of stewardship plans.** A proposed stewardship plan must include at least the following:

(1) performance targets applicable to each covered materials type to be accomplished within a five-year period, established in subdivision 5, paragraph (a);

(2) a description of the methods of collection to be used for each covered materials type and how they will meet the statewide requirement established in subdivision 7;

(3) a description of the methods of collection to be used for each covered materials type managed through a reuse system, including infrastructure, convenience metrics, and measurement, and how they will meet the statewide requirement established in subdivision 7;

(4) a description of the methods to be used for each covered materials type for waste reduction, including infrastructure, convenience metrics, and measurement methods for refill, and how they will meet the statewide requirement established in subdivision 7;

(5) proposals for exemptions from performance targets and statewide requirements for covered materials that cannot be waste reduced or made reusable, recyclable, or compostable due to federal or state health and safety requirements. The producer responsibility organization must identify the specific requirements and the impact of covered materials;

(6) a plan for how the producer responsibility organization will measure recycling, waste reduction, and reuse according to subdivision 6 and a description of how the organization will measure composting and inclusion of postconsumer recycled content;

(7) third-party certifications as required by the commissioner or voluntarily undertaken;

(8) a budget and identification of funding needs for each of the five calendar years covered by the plan, including:

(i) producer fees and a description of the process used to calculate the fees, including an explanation of how the fees meet the requirements of section 115A.1454; and

(ii) a plan for infrastructure investments, including a description of how the process to offer and select opportunities will be conducted in an open, competitive, and fair manner; how it will address gaps in the system not met by service providers; and the financial and legal instruments to be used;

(9) an explanation of how the program will be fully paid for by producers, without any fee, charge, surcharge, or other cost to members of the public, businesses, service providers, the state or any political subdivision, or any other person who is not a producer. For purposes of this requirement, a deposit made in connection with a product's refill, reuse, or recycling that can be redeemed by a consumer is not a fee, charge, surcharge, or other cost;

(10) a description of activities to be undertaken during the next five calendar years, which must at a minimum describe how the producer responsibility organization, acting on behalf of producers, will:

(i) minimize the environmental impacts and human health impacts of covered materials;

(ii) incorporate as program objectives the improved design of covered materials according to section 115A.1454, subdivision 1, clause (2);

(iii) expand and increase the convenience of waste reduction, reuse, collection, recycling, and composting services in conformance with the waste management hierarchy under section 115A.02;

(iv) ensure statewide coverage of collection services for covered materials on the recyclable or compostable list established under section 115A.1453, subdivision 1, at no cost to all single-family and multifamily residences and political subdivisions that arrange for the collection of recyclable materials from public places, at the equivalent level of service and convenience as collection services for mixed municipal solid waste; and

(v) ensure that postconsumer recycled materials are delivered to responsible markets;

(11) a description of how the program uses and interacts with existing collection, waste reduction, reuse, recycling, and composting efforts and service providers and how the producer responsibility organization will reimburse service providers for the cost of:

(i) collecting covered materials generated from all single-family residences, multifamily residences, and public places in the state; and

(ii) managing covered materials generated from all single-family residences; multifamily residences; public places; and commercial, industrial, and institutional facilities in the state;

(12) a description of how, for each covered material, the plan will be designed to minimize environmental impacts;

(13) a description of how the producer responsibility organization will ensure that all persons engaged in reuse, recycling, composting, and management of mixed municipal solid waste are made aware of bid opportunities under section 115A.1455;

(14) reimbursement formulas and schedules of reimbursement rates for service providers that elect to participate in the program and a description of how the formulas and schedules were developed according to section 115A.1455;

(15) terms and conditions for service agreements, including:

(i) an agreement that the producer responsibility organization will treat nonpublic data submitted by service providers electing to participate in the program as nonpublic data;

(ii) a requirement that service providers accept all covered materials on the compostable materials list established by the commissioner under section 115A.1453; and

(iii) performance standards for service providers that include a requirement that service providers sorting commingled recyclable materials meet minimum material standards and bale quality standards, minimum capture rates, and maximum processing residual rates and demonstrate materials have been sent to a responsible market;

(16) a process to resolve disputes that arise between the producer responsibility organization and a service provider regarding the determination and payment of the reasonable cost of services provided under an approved stewardship plan;

(17) a description of how the producer responsibility organization will provide technical assistance to:

(i) service providers in order to deliver covered materials to responsible markets;

(ii) producers regarding toxic substances in covered materials and actions producers can take to reduce intentionally added toxic substances in covered materials through proof of testing or an analytical and scientifically demonstrated methodology; and

(iii) producers to make changes in product design that reduce the environmental impact of covered materials or that increase the recoverability or marketability of covered materials for reuse, recycling, or composting;

(18) a description of how the producer responsibility organization will increase public awareness, educate, and complete outreach activities accounting for culturally responsive materials and methods and evaluate the efficacy of these efforts, including:

(i) assist producers in improving product labels as a means of informing consumers about refilling, reusing, recycling, composting, and other environmentally sound methods of managing covered materials;

(ii) increase public awareness of how to use and manage covered materials in an environmentally sound manner and how to access waste reduction, reuse, recycling, and composting services; and

(iii) encourage behavior change to increase participation in waste reduction, reuse, recycling, and composting programs;

(19) a summary of consultations held with the advisory board and other stakeholders to provide input to the stewardship plan, a list of recommendations that were incorporated into the stewardship plan as a result, and a list of rejected recommendations and the reasons for rejection; and

(20) strategies to incorporate findings from any relevant studies required by the legislature.

Subd. 4. **Plan and amendment review and approval procedure.** (a) The commissioner must review and approve, deny, or request additional information for a draft stewardship plan or a draft plan amendment no later than 120 days after the date the commissioner receives it from a producer responsibility organization. The commissioner must post the draft plan or draft amendment on the agency's website and allow public comment for no less than 45 days before approving, denying, or requesting additional information on the draft plan or draft amendment.

(b) If the commissioner denies or requests additional information for a draft plan or draft amendment, the commissioner must provide the producer responsibility organization with the reasons, in writing, that the plan or plan amendment does not meet the plan requirements of subdivision 3. The producer responsibility organization has 60 days from the date that the rejection or request for additional information is received to submit to the commissioner any additional information necessary for the approval of the draft plan or draft amendment. The commissioner must review and approve or disapprove the revised draft plan or draft amendment no later than 60 days after the date the commissioner receives it.

(c) A producer responsibility organization may resubmit a draft plan or draft amendment to the commissioner on not more than two occasions. If, after the second resubmission, the commissioner determines that the draft plan or draft amendment does not meet the plan requirements of sections 115A.144 to 115A.1462, the commissioner must modify the draft plan or draft amendment as necessary for it to meet the requirements of sections 115A.144 to 115A.1462 and approve it.

(d) Upon recommendation by the advisory board, or upon the commissioner's own initiative, the commissioner may require an amendment to a stewardship plan if the commissioner determines that an amendment is necessary to ensure that the producer responsibility organization maintains compliance with sections 115A.144 to 115A.1462.

Subd. 5. **Performance targets.** (a) The producer responsibility organization must propose performance targets based on the needs assessment that meet the statewide requirements in subdivision 7 that must be included in a stewardship plan approved under this section. Performance targets must include targets for reuse rates, return rates, recycling rates, composting rates, and postconsumer recycled content by covered materials type that are to be achieved by the end of the stewardship plan's term. The producer responsibility organization must select the unit that is most appropriate to measure each performance target as informed by the needs assessment.

(b) The commissioner may require that a producer responsibility organization obtain third-party certification of any activity or achievement of any standard required by sections 115A.144 to 115A.1462. The commissioner must provide a producer responsibility organization with notice of at least one year prior to requiring use of third-party certification under this paragraph.

(c) The performance targets proposed under this subdivision must demonstrate continuous improvement in reducing the environmental and human health impacts of covered materials over time.

Subd. 6. **Measurement criteria for performance targets.** (a) For purposes of determining whether recycling performance targets are being met, except as modified by the commissioner, a stewardship plan must stipulate that the amount of recycled material must be measured at the point at which material leaves a recycling facility and must account for:

(1) levels of estimated contamination documented by the facility;

(2) any exclusions for fuel or energy capture; and

(3) compliance with sections 115A.965, 116.943, 325F.075, and 325F.172 to 325F.179 and all other laws pertaining to toxic substances in covered materials.

(b) For purposes of determining whether waste reduction performance targets are being met, a stewardship plan must ensure that the amount of waste reduction of covered materials is measured in a manner that can determine the extent to which the amount of material used for a covered material is eliminated beyond what is necessary to efficiently deliver a product without damage or spoilage or other means of covered material redesign to reduce overall use and environmental impacts.

(c) For purposes of determining whether reuse targets are being met, a stewardship plan must provide for the measurement of the amount of reusable covered materials to be at the point at which reusable covered materials meet the following criteria as demonstrated by the producer and approved by the commissioner:

(1) whether the average minimum number of cycles of reuses within a recognized reuse system has been met based on the number of times an item must be reused for it to have lower environmental impacts than the single-use version of the item; and

(2) whether the demonstrated or research-based anticipated return rate of the covered material to the reuse system has been met.

(d) For other targets, the producer responsibility organization must propose a calculation point for review and approval as part of the stewardship plan based on findings from the needs assessment.

Subd. 7. Statewide requirements. (a) The producer responsibility organization must ensure the following requirements are met collectively by its members by the end of the year indicated:

(1) by 2033:

(i) the combined recycling rate and composting rate must be no less than 65 percent of covered materials by weight sold or distributed;

(ii) the reuse rate is ten percent of the number of units of packaging sold or distributed into the state, with a return rate of no less than 90 percent;

(iii) the weight of covered materials introduced must be waste reduced by 15 percent, compared to levels identified in the initial needs assessment; and

(iv) all covered materials introduced must contain at least ten percent postconsumer recycled content, with all covered materials containing an overall average of at least 30 percent, as applicable, excluding compostable materials that cannot include postconsumer recycled content because of unique chemical or physical properties or health and safety requirements that prohibit introduction of postconsumer recycled content; and

(2) by 2038:

(i) the combined recycling rate and composting rate must be no less than 75 percent of covered materials by weight sold or distributed into the state;

(ii) the reuse rate is 20 percent of the number of units of packaging sold or distributed into the state, with a return rate of no less than 95 percent;

(iii) the weight of covered materials introduced must be waste reduced by 25 percent, compared to levels identified in the initial needs estimate; and

(iv) all covered materials introduced must contain at least 30 percent postconsumer recycled content, with all covered products containing an overall average of at least 50 percent, as applicable, excluding compostable materials that cannot include postconsumer recycled content because of unique chemical or physical properties or health and safety requirements that prohibit introduction of postconsumer recycled content.

(b) The commissioner may adjust any requirement established in paragraph (a) by no more than five percent after submitting the proposed adjustment to the advisory board and considering the board's recommendations before making the adjustment.

(c) After 2038, the commissioner may establish additional statewide requirements for:

(1) the amount of covered materials that must be recycled or composted;

(2) the number of units of packaging sold or distributed into the state that must be reusable and the return rate that must be met when returned to an established reuse system;

(3) the weight of covered materials introduced that must be waste reduced; and

(4) the percent of postconsumer recycled content that must be used in covered materials introduced.

The statewide requirements established under this paragraph must not be less than those listed in paragraph (a), clause (2).

Sec. 13. **[115A.1453] RECYCLABLE OR COMPOSTABLE COVERED MATERIALS LISTS; EXEMPT MATERIALS LIST.**

Subdivision 1. **List required.** By March 1, 2027, the commissioner must complete a list of covered materials determined to be recyclable or compostable statewide through systems where covered materials are commingled into a recyclables stream and a separate compostables stream. These covered materials must be collected at the equivalent level of service and convenience as collection services for mixed municipal solid waste.

Subd. 2. **Alternative collection list required.** By March 1, 2027, the commissioner must complete a list of covered materials determined to be recyclable or compostable and collected statewide through systems other than the system required for covered materials on the list established in subdivision 1.

Subd. 3. **Input from interested parties.** The commissioner must consult with the advisory board, producer responsibility organizations, service providers, political subdivisions, and other interested parties to develop or amend the recyclable or compostable covered materials lists.

Subd. 4. **Criteria.** In developing the lists under subdivisions 1 and 2, the commissioner may consider the following criteria:

(1) current availability of recycling collection services;

(2) recycling collection and processing infrastructure;

(3) capacity and technology for sorting covered materials;

(4) availability of responsible end markets;

(5) presence and amount of processing residuals, contamination, and toxic substances;

(6) quantity of material estimated to be available and recoverable;

(7) projected future conditions for clauses (1) to (6);

(8) if collected for recycling, the covered material type and form must be one that is regularly sorted and aggregated into defined streams for recycling processes or the packaging format must be specified in a relevant Institution of Scrap Recycling Industries specification; and

(9) other criteria or factors determined by the commissioner.

Subd. 5. **Collection requirements.** (a) A producer responsibility organization must collect covered materials included in a list established under subdivision 1, on a statewide basis, as follows:

(1) for residents that have curbside mixed municipal solid waste collection, provide collection of covered materials at the same frequency and on the same day as mixed municipal solid waste collection;

(2) provide collection of covered materials at each recycling or mixed municipal solid waste drop-off site that is open to the public, including but not limited to canister sites, transfer stations, and disposal facilities;

(3) provide a durable container dedicated to the collection of covered materials to every residential unit served according to this paragraph; and

(4) in addition to the requirements of clauses (1) to (3), the producer responsibility organization may collect or contract for the collection of covered materials from the public by other means, including but not limited to other drop off locations or mobile collections.

(b) A producer responsibility organization must collect covered materials included in a list established under subdivision 2, on a statewide basis, as follows:

(1) the producer responsibility organization must provide:

(i) for each county with a population of 10,000 or less, at least two permanent drop-off collection sites;

(ii) for each county with a population greater than 10,000 but less than or equal to 100,000, at least two permanent drop-off collection sites and at least one additional permanent drop-off collection site for each additional 10,000 in population above a population of 10,000;

(iii) for each county with a population greater than 100,000, at least 11 permanent drop-off collection sites and at least one additional permanent year-round drop-off collection site for each additional 50,000 in population above a population of 100,000; and

(iv) a permanent drop-off collection site located within ten miles of at least 95 percent of state residents;

(2) the producer responsibility organization may propose an alternative to the requirements of paragraph (b), clause (1), as part of a stewardship plan if the producer responsibility organization demonstrates that the alternative will provide an equivalent or greater level of service and convenience; and

(3) the producer responsibility organization may use the following additional collection methods:

(i) curbside collection of source-separated covered materials;

(ii) curbside collection that is less frequent than collection of mixed municipal solid waste;

(iii) mobile collection;

(iv) collection events;

(v) custom collection programs based on the use and generation of the covered material being managed in a custom program; and

(vi) collection in the same manner provided for the covered materials in the list under subdivision 1.

Subd. 6. **Exempt materials list.** (a) A producer may request the commissioner, on a form prescribed by the commissioner, to classify as an exempt material one or more types of packaging. The commissioner must submit the request to the advisory board for review and comment before approving or denying the request.

(b) The commissioner may approve the request only if the commissioner determines that a specific federal or state health and safety requirement prevents the packaging from being waste reduced or made reusable, recyclable, or compostable.

(c) The commissioner must review and approve, deny, or request additional information for a request for classification of packaging as an exempt material no later than 120 days after the date the commissioner receives the request from a producer.

(d) The commissioner must post on the agency website a list of materials exempted under this subdivision.

(e) An exemption granted under this section is valid for two years, after which a producer must reapply according to this subdivision.

Subd. 7. **Amendment.** The commissioner may amend a list completed under this section at any time and must provide amended lists to producer responsibility organizations as soon as possible after adopting an amendment. Producer responsibility organizations must provide amended lists to service providers as soon as possible after receiving the amendment and incorporate changes in relevant service provider agreements and operations within a year.

Sec. 14. **[115A.1454] PRODUCER FEES.**

Subdivision 1. **Annual fee.** A producer responsibility organization must annually collect a fee from each producer that must:

(1) be based on the total amount of covered materials each producer introduces in the prior year calculated on a per-unit basis, such as per ton, per item, or another unit of measurement;

(2) incentivize using materials and design attributes that reduce the environmental impacts and human health impacts, as determined by the commissioner, of covered materials by the following methods:

(i) eliminating intentionally added toxic substances in covered materials;

(ii) reducing the amount of packaging per individual covered material that is necessary to efficiently deliver a product without damage or spoilage without reducing its ability to be recycled or reducing the amount of paper used to manufacture individual paper products;

(iii) increasing covered materials managed in a reuse system;

(iv) increasing the proportion of postconsumer material in covered materials;

(v) enhancing recyclability or compostability of a covered material; and

(vi) increasing the amount of inputs derived from renewable and sustainable sources;

(3) discourage using materials and design attributes in a producer's covered materials whose environmental impacts and human health impacts, as determined by the commissioner, can be reduced by the methods listed under clause (2);

(4) prioritize reuse by charging covered materials that are managed through a reuse system only once, upon initial entry into the marketplace, and by applying the lowest fee to these covered materials; and

(5) generate revenue sufficient to pay in full:

(i) the annual registration fee required under section 115A.1443;

(ii) financial obligations to complete activities described in an approved stewardship plan and to reimburse service providers under agreements in section 115A.1455;

(iii) the operating costs of the producer responsibility organization; and

(iv) for the establishment and maintenance of a financial reserve that is sufficient to operate the program in a fiscally prudent and responsible manner.

Subd. 2. **Overcollections.** Revenue collected under this section that exceeds the amount needed to pay the costs described in subdivision 1, clause (5), must be used to improve or enhance program outcomes or to reduce producer fees according to provisions of an approved stewardship plan.

Subd. 3. **Prohibited conduct.** Fees collected under this section may not be used for lobbying, as defined in section 3.084, subdivision 1.

Sec. 15. **[115A.1455] SERVICE PROVIDER AGREEMENTS; REIMBURSEMENT RATES.**

Subdivision 1. **Service provider agreements and reimbursement required.** The terms and conditions of the provision of waste reduction, reuse, collection, recycling, or composting services under an approved stewardship plan must be established under a service agreement between a producer responsibility organization and a service provider. In addition to the terms and conditions established in an approved stewardship plan, each agreement must:

(1) establish strong labor standards and work safety practices, including but not limited to safety programs, health benefits, and living wages;

(2) require the service provider to meet established performance standards;

(3) prohibit the service provider from charging a fee to any person for the services provided under the service agreement; and

(4) establish clear and reasonable timelines for reimbursement that are no less than monthly.

Subd. 2. **Collection of recyclables.** If a household does not have access to collection services at the equivalent level of service and convenience as collection services for mixed municipal solid waste for covered materials on a list established under section 115A.1453, subdivision 1, the producer responsibility organization must ensure that collection service is available to the household through a service provider.

Subd. 3. **Bidding processes.** (a) For procurement of services for management of covered materials and for infrastructure investments included under an approved stewardship plan, a producer responsibility organization must use the competitive bidding processes established in section 16C.28, subdivision 1, and publicly post bid opportunities when entering into agreements with service providers that are not political subdivisions, except that preference must be given to existing facilities, providers of services, and accounts in the state for waste reduction, reuse, collection, recycling, and composting of covered materials.

(b) No producer or producer responsibility organization may own or partially own infrastructure unless, after a bidding process described in paragraph (a), no service provider bids on the contract, in which case the producer responsibility organization may make infrastructure investments identified under an approved stewardship plan to implement the requirements in sections 115A.144 to 115A.1462.

Subd. 4. **Reimbursement rates.** (a) Each service agreement must include reimbursement rates for services that are based on formulas that:

(1) incorporate relevant cost information identified by the needs assessment;

(2) reflect conditions that affect waste reduction, reuse, collection, recycling, and composting costs in the region or jurisdiction in which the services are provided, including but not limited to:

(i) the number and size of households;

(ii) population density;

(iii) collections methods employed;

(iv) distance to consolidation or transfer facilities, reuse, recycling, or composting facilities, or to responsible markets; and

(v) other factors that may contribute to regional or jurisdictional cost differences;

(3) reflect administrative costs of service providers, including education, public awareness campaigns, and outreach program costs as applicable;

(4) reflect planned capital improvements to facilities and equipment costs;

(5) reflect the cost of managing contamination present in source-separated recyclable materials and source-separated compostable materials, including disposal of contamination and residuals;

(6) reflect the proportion of covered compostable materials within all source-separated compostable materials collected or managed through composting; and

(7) reflect the cost of managing contamination and cleaning or sanitation needed for reuse systems.

(b) Each service agreement with a service provider that is also a political subdivision must include reimbursement rates that use a rate established in a contract between a political subdivision and one or more service providers in place of paragraph (a), clauses (1) and (2).

Subd. 5. **Local government authority.** (a) Nothing in sections 115A.144 to 115A.1462 shall be construed to require a political subdivision to agree to operate under a stewardship plan or enter into a service agreement with a producer responsibility organization.

(b) Nothing in sections 115A.144 to 115A.1462 restricts the authority of a political subdivision to provide waste management services to residents, to contract with any entity to provide waste management services, or to exercise its authority granted under section 115A.94. A producer responsibility organization may not conduct activities that would conflict, compete, or otherwise interfere with a political subdivision exercising its authority under section 115A.94 to organize collection of solid waste, including materials collected for recycling or composting, or to extend, renew, or otherwise manage any contracts entered into as a result of exercising such authority or otherwise resulting from a competitive procurement process.

Subd. 6. **Dispute.** There must be a dispute resolution process using third-party mediators to resolve disputes related to reimbursements and service agreements.

Sec. 16. **[115A.1456] REPORTING.**

Subdivision 1. **Producer responsibility organization annual report.** (a) By July 1, 2031, and each May 1 thereafter, a producer responsibility organization must submit a written report to the commissioner that contains, at a minimum, the following information for the previous calendar year:

(1) the amount of covered materials introduced by each covered materials type, reported in the same units used to establish fees under section 115A.1454, subdivision 1, clause (1);

(2) progress toward the performance targets reported in the same units used to establish producer fees under section 115A.1454, subdivision 1, clause (1), and reported statewide and for each county, including:

(i) the amount of covered materials successfully waste reduced, reused, recycled, and composted by covered materials type and the strategies or collection method used; and

(ii) information about third-party certifications obtained;

(3) the total cost to implement the program and a detailed description of program expenditures, including:

(i) the total amount of producer fees collected in the current calendar year; and

(ii) a description of infrastructure investments made during the previous year;

(4) a copy of a financial audit of program operations conducted by an independent auditor approved by the commissioner;

(5) a description of program performance problems that emerged in specific locations and efforts taken or proposed by the producer responsibility organization to address them;

(6) a discussion of technical assistance provided to producers regarding toxic substances in covered materials and actions taken by producers to reduce intentionally added toxic substances in covered materials beyond compliance with prohibitions already established in law through proof of testing or an analytical and scientifically demonstrated methodology;

(7) a description of public awareness, education, and outreach activities undertaken, including any evaluations conducted of their efficacy, plans for next calendar year's activities, and an evaluation of the process established by the producer responsibility organization to answer questions from consumers regarding collection, recycling, composting, waste reduction, and reuse activities;

(8) a summary of consultations held with the advisory board and how any feedback was incorporated into the report as a result of the consultations, together with a list of rejected recommendations and the reasons for rejection;

(9) a list of any producers found to be out of compliance with sections 115A.144 to 115A.1462, and actions taken by the producer responsibility organization to return the producer to compliance, and notification of any producers that are no longer participating in the producer responsibility organization or have been expelled due to their lack of compliance;

(10) any proposed amendments to the stewardship plan to improve program performance or reduce costs, including changes to producer fees, infrastructure investments, or reimbursement formula and rates; and

(11) any information requested by the commissioner to assist with determining compliance with sections 115A.144 to 115A.1462.

(b) Every fourth year after a stewardship plan is approved by the commissioner, a performance audit of the program must be completed. The performance audit must conform to audit standards established by the United States Government Accountability Office; the National Association of State Auditors, Comptrollers, and Treasurers; or another nationally recognized organization approved by the commissioner.

Subd. 2. Report following unmet target. A producer responsibility organization that fails to meet a performance target approved in a stewardship plan must, within 90 days of filing an annual report under this section, file with the commissioner an explanation of the factors contributing to the failure and propose an amendment to the stewardship plan specifying changes in operations that the producer responsibility organization will make that are designed to achieve the following year's targets. An amendment filed under this subdivision must be reviewed by the advisory board and reviewed and approved by the commissioner in the manner specified in section 115A.1451, subdivisions 2 and 4.

Subd. 3. Commissioner's report. By October 15, 2034, and every five years thereafter, the commissioner must submit a report to the governor and to the chairs and ranking minority members of the legislative committees with jurisdiction over solid waste. The report must contain a summary of the operations of the Packaging Waste and Cost Reduction Act during the previous five years, a summary of the needs assessment, a link to reports filed under subdivisions 1 and 2, recommendations for policy, statutory, or regulatory changes to the program, a list of efforts undertaken by the commissioner to enforce and secure compliance with sections 115A.144 to 115A.1462, and any other information the commissioner deems to be relevant.

Subd. 4. Duty to cooperate. Service providers must provide producer responsibility organizations with data necessary to complete the reports required by this section upon request.

Sec. 17. [115A.1457] PRODUCER RESPONSIBILITY ORGANIZATION WEBSITES.

A producer responsibility organization must maintain a website that uses best practices for accessibility that contains, at a minimum:

(1) information regarding a process that members of the public can use to contact the producer responsibility organization with questions;

(2) a directory of all service providers operating under the stewardship plan administered by the producer responsibility organization, grouped by location or political subdivision, and information about how to request service;

(3) registration materials submitted to the commissioner under section 115A.1443;

(4) the draft and approved stewardship plan and any draft and approved amendments;

(5) information on how to manage covered materials included on the lists established by the commissioner under section 115A.1453;

(6) information on reuse systems and waste reduction systems operating according to sections 115A.144 to 115A.1462;

(7) the most recent list of exempt materials approved by the commissioner under section 115A.1453;

(8) the most recent needs assessment and all past needs assessments;

(9) annual reports filed by the producer responsibility organization;

(10) a link to administrative rules implementing sections 115A.144 to 115A.1462;

(11) comments of the advisory board on the documents listed in clauses (4) and (8), and the responses of the producer responsibility organization to those comments;

(12) the names of producers and brands that are not in compliance with section 115A.1448;

(13) a list, that is updated at least monthly, of all member producers that will operate under the stewardship plan administered by the producer responsibility organization and, for each producer, a list of all brands of the producer's covered materials introduced in the state; and

(14) education materials on waste reduction, reuse, recycling, and composting for producers and the general public.

Sec. 18. **[115A.1458] ANTICOMPETITIVE CONDUCT.**

A producer responsibility organization that arranges collection, recycling, composting, waste reduction, or reuse services under sections 115A.144 to 115A.1462 may engage in anticompetitive conduct to the extent necessary to plan and implement collection, recycling, composting, waste reduction, or reuse systems to meet the obligations under sections 115A.144 to 115A.1462, and is immune from liability under state laws relating to antitrust, restraint of trade, and unfair trade practices.

Sec. 19. **[115A.1459] RULEMAKING.**

The commissioner may adopt rules to implement sections 115A.144 to 115A.1462. The 18-month time limit under section 14.125 does not apply to the commissioner's rulemaking authority under this section.

Sec. 20. **[115A.1460] PROVIDING INFORMATION.**

Upon request of the commissioner for purposes of determining compliance with sections 115A.144 to 115A.1462, or for purposes of implementing sections 115A.144 to 115A.1462, a person must furnish to the commissioner any information that the person has or may reasonably obtain.

Sec. 21. **[115A.1461] DEPOSIT RETURN SYSTEM.**

It is the intent of the legislature that if a bottle deposit return system is enacted in the future, it will be harmonized with sections 115A.144 to 115A.1462 in a manner that ensures that:

(1) materials covered in that system are exempt from sections 115A.144 to 115A.1462 or related financial obligations are reduced;

(2) colocation of drop-off facilities and alternative collection sites is maximized;

(3) education and outreach is integrated between the two programs; and

(4) waste reduction and reuse strategies are prioritized between the two programs.

Sec. 22. **[115A.1462] ENFORCEMENT.**

(a) The commissioner must enforce sections 115A.144 to 115A.1462 as provided under this section and sections 115.071 and 116.072. The commissioner may revoke a registration of a producer responsibility organization or producer found to have violated sections 115A.144 to 115A.1462.

(b) Notwithstanding the penalty limits contained in section 115.071, subdivision 3, and except as otherwise provided in paragraph (c), a person that violates or fails to perform a duty imposed by sections 115A.144 to 115A.1462 or any rule adopted thereunder is liable for a civil penalty not to exceed \$25,000 per day of violation.

(c) Notwithstanding the penalty limits contained in section 115.071, subdivision 3, a producer responsibility organization or producer that violates a provision of or fails to perform a duty imposed by sections 115A.144 to 115A.1462, a rule adopted thereunder, or requirements of a stewardship plan approved by the commissioner, is liable for a civil penalty not to exceed \$25,000 per day of violation. For a second violation occurring within five years after the approval of a stewardship plan, a producer responsibility organization or producer is liable for a civil penalty not to exceed \$50,000 per day of violation. For a third or subsequent violation occurring within five years after the approval of a stewardship plan, a producer responsibility organization or producer is liable for a civil penalty not to exceed \$100,000 per day of violation.

Sec. 23. **WORKPLACE CONDITIONS AND EQUITY STUDY.**

(a) By January 1, 2032, the commissioner of the Pollution Control Agency must contract with a third party that is not a producer or a producer responsibility organization to conduct a study of the recycling, composting, and reuse facilities operating in the state. The study must analyze, at a minimum, information about:

(1) working conditions, wage and benefit levels, and employment levels of minorities and women at those facilities;

(2) barriers to ownership of recycling, composting, and reuse operations faced by women and minorities;

(3) the degree to which residents of multifamily buildings have less convenient access to recycling, composting, and reuse opportunities than those living in single-family homes;

(4) the degree to which environmental justice areas have access to fewer recycling, composting, and reuse opportunities compared to other parts of the state;

(5) the degree to which programs to increase access, convenience, and education are successful in raising reuse, recycling, and composting rates in areas where participation in these activities is low;

(6) strategies to increase participation in reuse, recycling, and composting; and

(7) the degree to which residents and workers in environmental justice areas are impacted by emissions, toxic substances, and other pollutants from solid waste facilities in comparison to other areas of the state and provide recommendations to mitigate those impacts.

(b) The initial producer responsibility organization registered by the commissioner under Minnesota Statutes, sections 115A.144 to 115A.1462, must cover the cost of conducting the study through its annual registration fee and recommended actions identified in the study must be considered as part of future stewardship plans as required under Minnesota Statutes, section 115A.1451, including adjustments to service provider agreements and reimbursements as established under Minnesota Statutes, section 115A.1455.

Sec. 24. **COVERED MATERIALS POLLUTION AND CLEANUP STUDY.**

(a) By January 1, 2032, the commissioner of the Pollution Control Agency, in consultation with the commissioners of health and natural resources, must contract with a third party that is not a producer or a producer responsibility organization to conduct a study to identify the contribution of covered products to litter and water pollution in Minnesota. The report must at a minimum:

(1) analyze historical and current environmental and human health impacts of littered covered materials and their associated toxic substances in the environment;

(2) estimate the cost of cleanup and prevention; and

(3) provide recommendations for how to reduce and mitigate the impacts of litter in the state.

(b) The contracted third party must consult with units of local government, the commissioners of health and natural resources, and environmental justice organizations.

(c) The initial producer responsibility organization registered by the commissioner under Minnesota Statutes, sections 115A.144 to 115A.1462, must cover the cost of conducting the study through its annual registration fee and recommended actions identified in the study must be considered as part of future stewardship plans, as required under Minnesota Statutes, section 115A.1451.

ARTICLE 6
FERAL SWINE AND FUR FARMS

Section 1. Minnesota Statutes 2023 Supplement, section 17.457, as amended by Laws 2024, chapter 85, section 8, is amended to read:

17.457 RESTRICTED SPECIES.

Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Commissioner" means the commissioner of agriculture or the commissioner's designee.

(c) "Domestic hogs" means members of the subspecies *Sus scrofa domesticus*.

~~(e) (d)~~ "Restricted species" means ~~Eurasian wild pigs and their hybrids (*Sus scrofa* subspecies and *Sus scrofa* hybrids) pigs, boars, peccaries, and all other members of the Suidae family and the Tayassuidae family, excluding domestic hogs (*S. scrofa domesticus*).~~

~~(d)~~ (e) "Release" means an intentional introduction or persistent accidental escape of a restricted species or domestic hog from the control of the owner or responsible party. Release does not mean an accidental escape of restricted species or domestic hogs due to a transportation accident or an act of God.

Subd. 2. ~~Importation; possession; release of Restricted species permit required.~~ It is unlawful for a person to import, possess, propagate, or transport, or release a restricted species, unless the person has a permit as described in subdivision 3.

Subd. 2a. **Release of restricted species or domestic hogs prohibited.** (a) It is unlawful for a person to release restricted species or domestic hogs.

(b) In addition to the penalties in subdivision 6, a person who violates paragraph (a) must do the following at the person's expense and by the date and time specified by the commissioner:

(1) register their premises with the Board of Animal Health;

(2) implement the confinement standards and record-keeping requirements developed by the Board of Animal Health; and

(3) reimburse the commissioner for costs incurred to annually inspect the registered premises and verify compliance with clause (2).

Subd. 3. **Permits.** The commissioner may issue permits for the transportation, possession, purchase, or importation of restricted species only for scientific, research, or educational, ~~or commercial~~ purposes. A permit issued under this subdivision may be revoked by the commissioner if the conditions of the permit are not met by the permittee or for any unlawful act or omission, including accidental escapes.

Subd. 4. **Notice of release of restricted species or domestic hogs.** In the event of a release of a restricted species or domestic hog, the owner must notify within 24 hours a conservation officer and the Board of Animal Health and is responsible for the recovery of the species. ~~The commissioner may capture or destroy the released animal at the owner's expense. If the owner does not provide notification or fails to recover the animal within 72 hours of providing notification, the released animal is considered feral swine under section 97A.56, is no longer the personal property of the owner, and may be captured or destroyed at the former owner's expense by a peace officer or by the commissioner of natural resources under section 97A.045, subdivision 1, paragraph (b), or other authority.~~

Subd. 5. **Enforcement.** (a) This section may be enforced by a peace officer, an enforcement officer under sections 97A.205 and 97A.211, and, except as provided in paragraph (b), by the commissioner under sections 17.982 to 17.983.

(b) For the first violation of this section, the commissioner may impose an administrative penalty of no more than \$1,000. For a second violation, the commissioner may impose an administrative penalty of no more than \$1,500. For a third or succeeding violation, the commissioner may impose an administrative penalty of no more than \$3,000 for each violation.

Subd. 6. ~~Penalty~~ **Penalties.** (a) A person who violates subdivision 2, 2a, 4, or 7 is guilty of a misdemeanor.

(b) A person who violates subdivision 2a, paragraph (a), is liable to the state for costs associated with a release. The attorney general may enforce this paragraph on behalf of any state agency affected.

Subd. 7. **Identification requirements.** A restricted species in the possession of a person must be marked in a permanent fashion to identify ownership. The restricted species must be marked as soon as practicable after birth or purchase.

Subd. 8. **Containment.** The commissioner, in consultation with the commissioner of natural resources, shall develop criteria for approved containment measures for restricted species.

Subd. 9. **Bond; security.** A person who possesses restricted species must provide proof of insurance or file a security bond with the commissioner in an amount determined by the commissioner to pay for the potential costs and damages that would be caused by the release of a restricted species.

Subd. 10. **Fee.** The commissioner may impose a fee for permits in an amount sufficient to cover the costs of issuing the permits and for facility inspections. The fee may not exceed \$50. Fee receipts must be deposited in the general fund.

Sec. 2. Minnesota Statutes 2022, section 97A.105, is amended to read:

97A.105 GAME AND ~~FUR~~ FARMS.

Subdivision 1. **License requirements.** (a) A person may breed and propagate ~~fur-bearing animals~~, game birds, bear, or mute swans only on privately owned or leased land and after obtaining a license. Any of the permitted animals on a game farm may be sold to other licensed game farms. "Privately owned or leased land" includes waters that are shallow or marshy, are not actually navigable, and are not of substantial beneficial public use. Before an application for a license is considered, the applicant must enclose the area to sufficiently confine the animals to be raised in a manner approved by the commissioner. A license may be granted only if the commissioner finds the application is made in good faith with intention to actually carry on the business described in the application and the commissioner determines that the facilities are adequate for the business.

(b) A person may purchase live game birds or their eggs without a license if the birds or eggs, or birds hatched from the eggs, are released into the wild, consumed, or processed for consumption within one year after they were purchased or hatched. This paragraph does not apply to the purchase of migratory waterfowl or their eggs.

(c) A person may not introduce mute swans into the wild without a permit issued by the commissioner.

Subd. 2. **Transfer of license.** (a) A game ~~or fur~~ farm license is transferable with the transfer of all or a portion of the title or leasehold of the land if:

(1) the land transferred complies with the license requirements;

(2) the land is used for the purposes of the license; and

(3) a verified written report of the existing and intended land use is made to the commissioner, accompanied by a copy of deed, assignment, lease, or other instrument transferring the corresponding title or leasehold in the enclosed land.

(b) A transfer of less than the whole interest in the license is not valid. Each bona fide partner or associate in the ownership or operation of a game ~~or fur~~ farm must obtain a separate license.

Subd. 3. **Ownership of wild animals.** All wild animals and their offspring, of the species identified in the license, that are within the enclosure are the property of the game ~~and fur~~ farm licensee.

Subd. 4. **Sale of live animals.** (a) A sale of live animals from a licensed ~~fur or~~ game farm is not valid unless the animals are delivered to the purchaser or they are identified and kept separately.

(b) Live animals sold through auction or through a broker are considered to be sold by the game farm licensee.

(c) The sale agreement or contract must be in writing. The licensee must notify a purchaser of the death of an animal within 30 days and of the number of increase before July 20 of each year.

Subd. 5. **Sale of pelts products.** The commissioner shall prescribe:

(1) the manner that ~~pelts and~~ products of wild animals raised on ~~fur or~~ game farms may be sold or transported; and

(2) the tags or seals to be affixed to the ~~pelts and~~ products.

~~Subd. 6. **Fox and mink.** Fox and mink may not be bought or sold for breeding or propagating unless they have been pen-bred for at least two generations.~~

~~Subd. 7. **Transporting live beaver.** Live beaver may not be transported without a permit from the commissioner.~~

Subd. 8. **Penalty.** A licensee that does not comply with a provision of this section subjects all wild animals on the game ~~or fur~~ farm to confiscation.

Subd. 9. **Rules.** The commissioner may adopt rules for:

(1) ~~the issuance of~~ issuing game farm licenses;

(2) ~~the inspection of~~ inspecting game farm facilities;

(3) ~~the acquisition and disposal~~ acquiring and disposing of game farm animals; and

(4) record keeping and reporting by game farm licensees, including transactions handled by auction or broker.

Sec. 3. **[97A.106] FUR FARMS.**

Subdivision 1. **License requirements.** A person may breed and propagate fur-bearing animals only on privately owned or leased land and after obtaining a license. Any of the permitted animals on a fur farm may be sold to other licensed fur farms. "Privately owned or leased land" includes waters that are shallow or marshy, are not actually navigable, and are not of substantial beneficial public use. Before an application for a license is considered, the applicant must enclose the area to sufficiently confine the animals to be raised in a manner approved by the commissioner. A license may be granted only if the commissioner finds the application is made in good faith with intention to actually carry on the business described in the application and the commissioner determines that the facilities are adequate for the business.

Subd. 2. **Transfer of license.** (a) A fur farm license is transferable with the transfer of all or a portion of the title or leasehold of the land if:

(1) the land transferred complies with the license requirements;

(2) the land is used for the purposes of the license; and

(3) a verified written report of the existing and intended land use is made to the commissioner, accompanied by a copy of deed, assignment, lease, or other instrument transferring the corresponding title or leasehold in the enclosed land.

(b) A transfer of less than the whole interest in the license is not valid. Each bona fide partner or associate in the ownership or operation of a fur farm must obtain a separate license.

Subd. 3. **License fee.** For each fur farm, the owner must, on or before January 1, pay to the commissioner an annual fee of \$250.

Subd. 4. **Fur farm account.** The fur farm account is established in the game and fish fund. Fees collected under this section and interest attributable to money in the account must be deposited in the account. Money in the account, including interest earned, is appropriated to the commissioner for administration and enforcement of this section.

Subd. 5. **Ownership of wild animals.** All wild animals and their offspring, of the species identified in the license, that are within the enclosure are the property of the fur farm licensee.

Subd. 6. **Containment and disease control.** The commissioner, in consultation with the Board of Animal Health and the commissioners of agriculture and health, must develop:

(1) containment and disposal requirements for farmed fur-bearers; and

(2) farmed fur-bearer disease testing and reporting requirements.

Subd. 7. **Sale of live animals.** (a) A sale of live animals from a licensed fur farm is not valid unless the animals are delivered to the purchaser or they are identified and kept separately.

(b) Live animals sold through auction or through a broker are considered to be sold by the fur farm licensee.

(c) The sale agreement or contract must be in writing. The licensee must notify a purchaser of the death of an animal within 30 days and of the number of increase before July 20 of each year.

Subd. 8. **Sale of pelts and products.** The commissioner must prescribe:

(1) the manner that pelts and products of wild animals raised on fur farms may be sold or transported; and

(2) the tags or seals to be affixed to the pelts and products.

Subd. 9. **Fox and mink.** Fox and mink may not be bought or sold for breeding or propagating unless they have been pen-bred for at least two generations.

Subd. 10. **Transporting live beaver.** Live beaver may not be transported without a permit from the commissioner.

Subd. 11. **Penalty.** A licensee that does not comply with a provision of this section subjects all wild animals on the fur farm to confiscation.

Subd. 12. **Rules.** The commissioner may adopt rules for:

- (1) issuing fur farm licenses;
- (2) inspecting fur farm facilities;
- (3) acquiring fur farm animals; and
- (4) record keeping and reporting by fur farm licensees, including transactions handled by auction or broker.

Sec. 4. Minnesota Statutes 2022, section 97A.56, subdivision 1, is amended to read:

Subdivision 1. **Definition.** ~~For purposes of this section, (a) The definitions in this subdivision apply to this section.~~

(b) "Domestic hogs" means members of the subspecies *Sus scrofa domesticus*.

(c) "Feral swine" means a member an animal of the genus and species *Sus scrofa* family Suidae or Tayassuidae that lives in the wild- or has lived in the wild during any part of the animal's lifetime. Feral swine includes released domestic hogs, unless the owner satisfies the notification requirements of section 17.457, subdivision 4, and recovers the released domestic hogs within 72 hours of notification.

(d) "Release" has the meaning given under section 17.457, subdivision 1.

Sec. 5. Minnesota Statutes 2022, section 97A.56, subdivision 2, is amended to read:

Subd. 2. **Prohibited actions; penalty.** (a) Unless authorized by permit under section 17.457, subdivision 3, a person may not possess or release feral swine or swine that were feral during any part of the swine's lifetime or otherwise allow feral swine to run at large.

(b) A person may not hunt or trap feral swine, except as authorized by the commissioner for feral swine control or eradication. It is not a violation of this section if a person shoots a feral swine and reports the taking to the commissioner within 24 hours. All feral swine taken in this manner must be surrendered to the commissioner.

(c) A person who violates this subdivision is guilty of a misdemeanor.

(d) A person who violates this subdivision is liable for the actual costs incurred by the state for the possession or release of the feral swine.

(e) A person who violates this subdivision is liable for the damages caused by the possession or release of the feral swine.

Sec. 6. Minnesota Statutes 2022, section 97A.56, is amended by adding a subdivision to read:

Subd. 4. **Domestic hogs and feral swine response protocols.** The commissioner, in cooperation with the commissioner of agriculture and the Board of Animal Health, must develop protocols for responding to the release of domestic hogs and feral swine, including reporting requirements, interagency communications, and other actions necessary to resolve the release.

Sec. 7. **OUTREACH REQUIRED.**

The commissioners of agriculture and natural resources and the Board of Animal Health must jointly develop, and jointly or separately promote and provide to the public, current and consistent outreach materials concerning:

- (1) swine containment methods;
- (2) sources of technical and financial assistance for small or hobby farms;
- (3) the importance of preventing the establishment of feral hog populations;
- (4) penalties for the accidental or intentional release of swine;
- (5) effective and lawful methods of feral hog control; and
- (6) other topics as identified by the commissioners and the board.

Sec. 8. **REPEALER.**

Minnesota Statutes 2022, section 17.353, is repealed.

ARTICLE 7
MISCELLANEOUS

Section 1. Minnesota Statutes 2022, section 18B.01, is amended by adding a subdivision to read:

Subd. 18a. **Pesticide-treated seed.** "Pesticide-treated seed" means seed that has a pesticide directly applied to the seed before planting and is classified by the United States Environmental Protection Agency as a treated article under Code of Federal Regulations, title 40, section 152.25(a), and exempt from regulation under FIFRA.

Sec. 2. Minnesota Statutes 2022, section 18C.005, is amended by adding a subdivision to read:

Subd. 20a. **Nitrogen inhibitor.** "Nitrogen inhibitor" means a compound that inhibits the urease or nitrification of nitrogen fertilizer.

Sec. 3. Minnesota Statutes 2022, section 21.81, is amended by adding a subdivision to read:

Subd. 35. **Systemic pesticide.** "Systemic pesticide" means a pesticide designed to be absorbed by plants and translocated throughout plant tissue. Systemic pesticide includes:

- (1) acetamiprid, dinotefuran, clothianidin, thiamethoxam, imidacloprid, nitenpyram, thiacloprid, fipronil, flupyradifurone, sulfoxaflor, cyantraniliprole, or chlorantraniliprole; and
- (2) any other pesticide determined by the commissioner to be a systemic pesticide, including any chemical belonging to the neonicotinoid or anthranilic diamide class.

Sec. 4. Minnesota Statutes 2023 Supplement, section 21.86, subdivision 2, is amended to read:

Subd. 2. **Miscellaneous violations.** No person may:

(a) detach, alter, deface, or destroy any label required in sections 21.82 and 21.83, alter or substitute seed in a manner that may defeat the purposes of sections 21.82 and 21.83, or alter or falsify any seed tests, laboratory reports, records, or other documents to create a misleading impression as to kind, variety, history, quality, or origin of the seed;

(b) hinder or obstruct in any way any authorized person in the performance of duties under sections 21.80 to 21.92;

(c) fail to comply with a "stop sale" order or to move or otherwise handle or dispose of any lot of seed held under a stop sale order or attached tags, except with express permission of the enforcing officer for the purpose specified;

(d) use the word "type" in any labeling in connection with the name of any agricultural seed variety;

(e) use the word "trace" as a substitute for any statement which is required;

(f) plant any agricultural seed which the person knows contains weed seeds or noxious weed seeds in excess of the limits for that seed;

(g) advertise or sell seed containing patented, protected, or proprietary varieties used without permission of the patent or certificate holder of the intellectual property associated with the variety of seed; ~~or~~

(h) use or sell as food, feed, oil, or ethanol feedstock any seed treated with neonicotinoid pesticide; or

(i) beginning January 1, 2026, advertise, sell, or offer for sale any vegetable seed, flower seed, wildflower seed, grass seed, shrub seed, tree seed, or other seed that is not advertised, sold, or offered for sale as agricultural seed, if the seed is treated with neonicotinoid pesticide.

Sec. 5. Minnesota Statutes 2023 Supplement, section 41A.30, subdivision 1, is amended to read:

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

(b) "Aircraft" has the meaning given in section 296A.01, subdivision 3.

(c) "Aviation gasoline" has the meaning given in section 296A.01, subdivision 7.

(d) "Commissioner" means the commissioner of agriculture.

(e) "Jet fuel" has the meaning given in section 296A.01, subdivision 8.

(f) "Qualified clean hydrogen" has the meaning given in United States Code, title 26, section 45V(c)(2).

~~(g)~~ (g) "Qualifying taxpayer" means a taxpayer, as defined in section 290.01, subdivision 6, that is engaged in the business of:

(1) producing sustainable aviation fuel; or

(2) blending sustainable aviation fuel with aviation gasoline or jet fuel.

~~(g)~~ (h) "Sustainable aviation fuel" means liquid fuel that:

(1) is derived from biomass, as defined in section 41A.15, subdivision 2e; is derived from gaseous carbon oxides derived from biomass or direct air capture; or is derived from qualified clean hydrogen;

(2) is not derived from palm fatty acid distillates; and

(3) achieves at least a 50 percent life cycle greenhouse gas emissions reduction in comparison with petroleum-based aviation gasoline, aviation turbine fuel, and jet fuel as determined by a test that shows:

(i) that the fuel production pathway achieves at least a 50 percent life cycle greenhouse gas emissions reduction in comparison with petroleum-based aviation gasoline, aviation turbine fuel, and jet fuel utilizing the most recent version of Argonne National Laboratory's Greenhouse Gases, Regulated Emissions, and Energy Use in Technologies (GREET) model that accounts for reduced emissions throughout the fuel production process; or

(ii) that the fuel production pathway achieves at least a 50 percent reduction of the aggregate attributional core life cycle emissions and the positive induced land use change values under the life cycle methodology for sustainable aviation fuels adopted by the International Civil Aviation Organization with the agreement of the United States.

Sec. 6. Minnesota Statutes 2023 Supplement, section 41A.30, subdivision 3, is amended to read:

Subd. 3. **Credit certificates.** (a) A business must apply to the commissioner to be eligible for a credit certificate as a qualifying taxpayer within two months after the close of its taxable year for all sustainable aviation fuel sold under subdivision 2, paragraph (a), in the taxable year. The application must be in the form and be made under the procedures specified by the commissioner and must include:

(1) evidence of production or blending in Minnesota required under subdivision 2, paragraph (a), clause (1); and

(2) a purchaser's certification that the sustainable aviation fuel is for use as fuel in an aircraft departing from an airport in Minnesota, as required under subdivision 2, paragraph (a), clause (2).

(b) If the sustainable aviation fuel for which the business is applying for a credit certificate was derived from biomass or from gaseous carbon oxides derived from biomass, the business also must demonstrate that the biomass was:

(1) grown on agricultural land that had previously been cropped or hayed in five or more of the previous ten years; and

(2) bound by contract to be processed into sustainable aviation fuel.

The business must demonstrate compliance with this paragraph by completing and submitting to the commissioner a form developed by the Board of Water and Soil Resources.

~~(b)~~ (c) Within 30 days of receiving an application for certification under this subdivision, the commissioner must:

(1) issue a credit certificate under paragraph ~~(e)~~ (d);

(2) request additional information from the business; or

(3) reject the application for certification.

If the commissioner requests additional information from the business, the commissioner must either issue a credit certificate or reject the application within 30 days of receiving the additional information. If a business fails to submit the additional information within 30 days or if the commissioner neither issues a credit certificate within 30 days of receiving the original application or within 30 days of receiving the additional information requested, whichever is later, the application is deemed rejected.

(e) (d) A credit certificate must state:

- (1) the fiscal year for which the credit certificate is issued;
- (2) the amount of the tax credit; and
- (3) the taxable year for which the taxpayer may claim the tax credit under section 290.0688.

Sec. 7. Minnesota Statutes 2023 Supplement, section 116P.09, subdivision 6, is amended to read:

Subd. 6. **Conflict of interest.** (a) A commission member, a technical advisory committee member, a peer reviewer, or an employee of the commission may not participate in or vote on a decision of the commission, advisory committee, or peer review relating to an organization in which the member, peer reviewer, or employee has either a direct or indirect personal financial interest. While serving on the commission or technical advisory committee or as a peer reviewer or while an employee of the commission, a person must avoid any potential conflict of interest.

(b) A commission member may not vote on a motion regarding the purchase of land under section 116P.18 or the final recommendations of the commission required under section 116P.05, subdivision 2, paragraph (a), if the motion relates to an organization in which the member has a direct personal financial interest. If a commission member is prohibited from voting under this paragraph, the number of affirmative votes required under section 116P.05, subdivision 2, paragraph (a), or section 116P.18 is reduced by the number of members ineligible to vote under this paragraph.

Sec. 8. Minnesota Statutes 2023 Supplement, section 116P.18, is amended to read:

116P.18 LANDS IN PUBLIC DOMAIN.

Money appropriated from the trust fund must not be used to purchase any land in fee title or a permanent conservation easement if the land in question is fully or partially owned by the state or a political subdivision of the state or was acquired fully or partially with state money, unless:

- (1) the purchase creates additional direct benefit to the protection, conservation, preservation, and enhancement of the state's air, water, land, fish, wildlife, and other natural resources; and
- (2) the purchase is approved, prior to the acquisition, by an affirmative vote of at least 11 members of the commission, except as provided under section 116P.09, subdivision 6, paragraph (b).

Sec. 9. **[473.355] COMMUNITY TREE-PLANTING GRANTS.**

Subdivision 1. **Definition.** For the purposes of this section, "shade tree" means a woody perennial grown primarily for aesthetic or environmental purposes with minimal to residual timber value.

Subd. 2. **Grants.** (a) The Metropolitan Council must establish a grant program to provide grants to cities, counties, townships, and implementing agencies for the following purposes:

(1) removing and planting shade trees on public land to provide environmental benefits;

(2) replacing trees lost to forest pests, disease, or storms; or

(3) establishing a more diverse community forest better able to withstand disease and forest pests.

(b) Any tree planted with money granted under this section must be a climate-adapted species to Minnesota.

Subd. 3. **Priority.** (a) Priority for grants awarded under this section must be given to:

(1) projects removing and replacing ash trees that pose significant public safety concerns; and

(2) projects located in whole or in part in a census tract where at least three of the following apply, as determined using the most recently published data from the United States Census Bureau or United States Centers for Disease Control and Prevention:

(i) 20 percent or more of the residents have income below the federal poverty thresholds;

(ii) the tract has a United States Centers for Disease Control and Prevention Social Vulnerability Index greater than 0.80;

(iii) the upper limit of the lowest quintile of household income is less than the state upper limit of the lowest quintile;

(iv) the housing vacancy rate is greater than the state average; or

(v) the percent of the population receiving Supplemental Nutrition Assistance Program (SNAP) benefits is greater than the state average.

(b) The Metropolitan Council may not prioritize projects based on criteria other than the criteria established under paragraph (a)."

Delete the title and insert:

"A bill for an act relating to state government; modifying disposition of certain state revenue and property; modifying remedies, penalties, and enforcement; providing for boat wrap product stewardship; providing for compliance protocols for certain air pollution facilities; providing for recovery of certain state costs; establishing certain priorities in environmental regulation; prohibiting certain mercury-containing lighting; establishing and modifying grant and rebate programs; modifying recreational vehicle regulation; modifying use of state lands; providing for tree planting; extending Mineral Coordinating Committee; modifying game and fish laws; modifying Water Law; establishing Packaging Waste and Cost Reduction Act; providing for domestic hog control; modifying fur farm provisions; modifying pesticide and fertilizer regulation; modifying agricultural development provisions; creating task force; classifying data; providing criminal penalties; requiring studies and reports; requiring rulemaking; appropriating money; amending Minnesota Statutes 2022, sections 13.7931, by adding a subdivision; 16A.125, subdivision 5; 16A.152, subdivision 1b; 18B.01, by adding a subdivision; 18C.005, by adding a subdivision; 21.81, by adding a subdivision; 84.027, subdivision 12; 84.0895, subdivision 1; 84.777, subdivisions 1, 3, by adding a subdivision; 84.871; 84.943, subdivision 5, by adding a subdivision; 88.82; 89.36, subdivision 1; 89.37, subdivision 3; 93.0015, subdivision 3; 97A.015, by adding a subdivision; 97A.105; 97A.341, subdivisions 1,

2, 3; 97A.345; 97A.425, subdivision 4, by adding a subdivision; 97A.475, subdivisions 2, 3; 97A.505, subdivision 8; 97A.512; 97A.56, subdivisions 1, 2, by adding a subdivision; 97B.001, by adding a subdivision; 97B.022, subdivisions 2, 3; 97B.516; 97C.001, subdivision 2; 97C.005, subdivision 2; 97C.395, as amended; 97C.411; 103B.101, subdivisions 12, 12a; 103F.211, subdivision 1; 103F.48, subdivision 7; 103G.005, subdivision 15; 103G.315, subdivision 15; 115.071, subdivisions 1, 3, 4, by adding subdivisions; 115A.02; 115A.03, by adding a subdivision; 115A.5502; 115B.421; 116.07, subdivision 9, by adding subdivisions; 116.072, subdivisions 2, 5; 116.11; 116.92, by adding a subdivision; 116D.02, subdivision 2; 473.845, by adding a subdivision; Minnesota Statutes 2023 Supplement, sections 16A.152, subdivision 2; 17.457, as amended; 21.86, subdivision 2; 41A.30, subdivisions 1, 3; 97B.071; 103B.104; 103F.06, by adding a subdivision; 103G.301, subdivision 2; 115.03, subdivision 1; 116P.09, subdivision 6; 116P.18; Laws 2023, chapter 60, article 1, section 3, subdivision 10; proposing coding for new law in Minnesota Statutes, chapters 84; 97A; 97C; 103F; 115A; 116; 473; repealing Minnesota Statutes 2022, sections 17.353; 84.033, subdivision 3; 84.926, subdivision 1; 97B.802; 115A.5501; Laws 2003, chapter 128, article 1, section 167, subdivision 1, as amended; Minnesota Rules, part 6100.0500, subpart 8d."

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

The report was adopted.

Acomb from the Committee on Climate and Energy Finance and Policy to which was referred:

H. F. No. 4177, A bill for an act relating to energy; making technical and housekeeping changes to various provisions governing or administered by the Department of Commerce; amending Minnesota Statutes 2022, section 216C.10; Minnesota Statutes 2023 Supplement, sections 216C.08; 216C.09.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
APPROPRIATIONS

Section 1. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2024" and "2025" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2024, or June 30, 2025, respectively.

	<u>APPROPRIATIONS</u>	
	<u>Available for the Year</u>	
	<u>Ending June 30</u>	
	<u>2024</u>	<u>2025</u>
Sec. 2. <u>DEPARTMENT OF COMMERCE</u>	<u>\$-0-</u>	<u>\$1,133,000</u>

(a) \$500,000 in fiscal year 2025 is for a study to identify suitable sites statewide for the installation of thermal energy networks. This is a onetime appropriation and is available until December 31, 2025.

(b) \$500,000 in fiscal year 2025 is for transfer to the residential energy rating rebate program account established under Minnesota Statutes, section 216C.471, for rebates to developers of residences that are certified as meeting the requirements of the federal Zero Energy Ready Home Program. Of this amount, up to \$150,000 may be used for program administration and outreach and technical assistance to applicants. This is a onetime transfer and is available until June 30, 2029.

(c) \$133,000 in fiscal year 2025 is for participation in a Minnesota Public Utilities Commission proceeding to review electric transmission line owners' plans to deploy grid-enhancing technologies and issue an order to implement the plans. The base in fiscal year 2026 is \$265,000 and the base in fiscal year 2027 is \$265,000. The base in fiscal year 2028 is \$0.

Sec. 3. **PUBLIC UTILITIES COMMISSION**

\$-0-

\$433,000

(a) \$39,000 in fiscal year 2025 is for support of the Thermal Energy Network Deployment Workgroup and preparation of a report. The base in fiscal year 2026 is \$77,000, and the base in fiscal year 2027 is \$0.

(b) \$117,000 in fiscal year 2025 is for review of electric transmission line owners' plans to deploy grid-enhancing technologies and development of a commission order to implement approved plans. The base in fiscal year 2026 is \$157,000 and the base in fiscal year 2027 is \$157,000. The base in fiscal year 2028 is \$0.

(c) \$111,000 in fiscal year 2025 is for conducting a proceeding to develop a cost-sharing mechanism enabling developers of distributed generation projects to pay utilities to expand distribution line capacity in order to interconnect to the grid. The base in fiscal year 2026 is \$111,000 and the base in fiscal year 2027 is \$77,000. The base in fiscal year 2028 is \$0.

(d) \$166,000 in fiscal year 2025 is for participating in Public Utilities Commission proceedings to issue site and route permits for electric power facilities under revised administrative procedures. The base in fiscal year 2026 and thereafter is \$121,000.

ARTICLE 2
RENEWABLE DEVELOPMENT ACCOUNT APPROPRIATIONS

Section 1. **APPROPRIATIONS.**

(a) The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), the appropriations are from the renewable development account in the special revenue fund established in

Minnesota Statutes, section 116C.779, subdivision 1, and are available for the fiscal years indicated for each purpose. The figures "2024" and "2025" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2024, or June 30, 2025, respectively.

(b) If an appropriation in this article is enacted more than once in the 2024 regular or special legislative session, the appropriation must be given effect only once.

	<u>APPROPRIATIONS</u>	
	<u>Available for the Year</u>	
	<u>Ending June 30</u>	
	<u>2024</u>	<u>2025</u>
Sec. 2. <u>DEPARTMENT OF COMMERCE</u>	<u>\$-0-</u>	<u>\$14,200,000</u>

(a) \$5,000,000 in fiscal year 2025 is for a grant for construction of a geothermal energy system at Sabathani Community Center in Minneapolis. This is a onetime appropriation and is available until June 30, 2028.

(b) \$2,500,000 in fiscal year 2025 is for transfer to the geothermal planning grant account established under Minnesota Statutes, section 216C.47, for planning grants to political subdivisions to assess the feasibility and cost of constructing geothermal energy systems. This is a onetime appropriation and is available until June 30, 2027.

(c) \$5,000,000 in fiscal year 2025 is for a grant to Ramsey County Recycling and Energy Center and Dem-Con HZI Bioenergy LLC to construct an anaerobic digester energy system in Louisville Township. This is a onetime appropriation and is available until June 30, 2028.

(d) \$1,700,000 in fiscal year 2025 is for transfer to the SolarAPP+ program account established under Minnesota Statutes, section 216C.48, for the awarding of incentives to local units of government that deploy federally developed software to automate the review of applications and issuance of permits for residential solar projects. Incentives may only be awarded to political subdivisions located within the electric service territory of the public utility that is required to make payments under Minnesota Statutes, section 116C.779, subdivision 1. This is a onetime transfer.

ARTICLE 3 GEOTHERMAL ENERGY

Section 1. Minnesota Statutes 2022, section 216B.2427, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For the purposes of this section and section 216B.2428, the following terms have the meanings given.

(b) "Biogas" means gas produced by the anaerobic digestion of biomass, gasification of biomass, or other effective conversion processes.

(c) "Carbon capture" means the capture of greenhouse gas emissions that would otherwise be released into the atmosphere.

(d) "Carbon-free resource" means an electricity generation facility whose operation does not contribute to statewide greenhouse gas emissions, as defined in section 216H.01, subdivision 2.

(e) "Disadvantaged community" means a community in Minnesota that is:

(1) defined as disadvantaged by the federal agency disbursing federal funds, when the federal agency is providing funds for an innovative resource; or

(2) an environmental justice area, as defined under section 216B.1691, subdivision 1.

~~(e)~~ (f) "District energy" means a heating or cooling system that is solar thermal powered or that uses the constant temperature of the earth or underground aquifers as a thermal exchange medium to heat or cool multiple buildings connected through a piping network.

~~(f)~~ (g) "Energy efficiency" has the meaning given in section 216B.241, subdivision 1, paragraph (f), but does not include energy conservation investments that the commissioner determines could reasonably be included in a utility's conservation improvement program.

~~(g)~~ (h) "Greenhouse gas emissions" means emissions of carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride emitted by anthropogenic sources within Minnesota and from the generation of electricity imported from outside the state and consumed in Minnesota, excluding carbon dioxide that is injected into geological formations to prevent its release to the atmosphere in compliance with applicable laws.

~~(h)~~ (i) "Innovative resource" means biogas, renewable natural gas, power-to-hydrogen, power-to-ammonia, carbon capture, strategic electrification, district energy, and energy efficiency.

~~(i)~~ (j) "Lifecycle greenhouse gas emissions" means the aggregate greenhouse gas emissions resulting from the production, processing, transmission, and consumption of an energy resource.

~~(j)~~ (k) "Lifecycle greenhouse gas emissions intensity" means lifecycle greenhouse gas emissions per unit of energy delivered to an end user.

~~(k)~~ (l) "Nonexempt customer" means a utility customer that has not been included in a utility's innovation plan under subdivision 3, paragraph (f).

~~(l)~~ (m) "Power-to-ammonia" means the production of ammonia from hydrogen produced via power-to-hydrogen using a process that has a lower lifecycle greenhouse gas intensity than does natural gas produced from conventional geologic sources.

~~(m)~~ (n) "Power-to-hydrogen" means the use of electricity generated by a carbon-free resource to produce hydrogen.

~~(n)~~ (o) "Renewable energy" has the meaning given in section 216B.2422, subdivision 1.

~~(p)~~ (p) "Renewable natural gas" means biogas that has been processed to be interchangeable with, and that has a lower lifecycle greenhouse gas intensity than, natural gas produced from conventional geologic sources.

~~(q)~~ (q) "Solar thermal" has the meaning given to qualifying solar thermal project in section 216B.2411, subdivision 2, paragraph (d).

~~(r)~~ (r) "Strategic electrification" means the installation of electric end-use equipment in an existing building in which natural gas is a primary or back-up fuel source, or in a newly constructed building in which a customer receives natural gas service for one or more end-uses, provided that the electric end-use equipment:

(1) results in a net reduction in statewide greenhouse gas emissions, as defined in section 216H.01, subdivision 2, over the life of the equipment when compared to the most efficient commercially available natural gas alternative; and

(2) is installed and operated in a manner that improves the load factor of the customer's electric utility.

Strategic electrification does not include investments that the commissioner determines could reasonably be included in the natural gas utility's conservation improvement program under section 216B.241.

(s) "Thermal energy" means piped noncombustible fluids used to transfer heat into and out of buildings to reduce any on-site greenhouse gas emissions resulting from all types of heating and cooling processes, including but not limited to special heating and cooling, hot water, and refrigeration.

(t) "Thermal energy network" means any real estate, fixtures, and personal property that is operated, owned, used, or used for, in connection with, or to facilitate a utility-scale distribution infrastructure project that supplies thermal energy, including but not limited to the project types defined under section 103I.005.

~~(u)~~ (u) "Total incremental cost" means the calculation of the following components of a utility's innovation plan approved by the commission under subdivision 2:

(1) the sum of:

(i) return of and on capital investments for the production, processing, pipeline interconnection, storage, and distribution of innovative resources;

(ii) incremental operating costs associated with capital investments in infrastructure for the production, processing, pipeline interconnection, storage, and distribution of innovative resources;

(iii) incremental costs to procure innovative resources from third parties;

(iv) incremental costs to develop and administer programs; and

(v) incremental costs for research and development related to innovative resources;

(2) less the sum of:

(i) value received by the utility upon the resale of innovative resources or innovative resource by-products, including any environmental credits included with the resale of renewable gaseous fuels or value received by the utility when innovative resources are used as vehicle fuel;

(ii) cost savings achieved through avoidance of purchases of natural gas produced from conventional geologic sources, including but not limited to avoided commodity purchases and avoided pipeline costs; and

(iii) other revenues received by the utility that are directly attributable to the utility's implementation of an innovation plan.

~~(s)~~ (v) "Utility" means a public utility, as defined in section 216B.02, subdivision 4, that provides natural gas sales or natural gas transportation services to customers in Minnesota.

Sec. 2. Minnesota Statutes 2022, section 216B.2427, is amended by adding a subdivision to read:

Subd. 9a. **Thermal energy networks.** Innovation plans filed after July 1, 2024, under this section by a utility with more than 800,000 customers must include spending of at least 15 percent of the utility's proposed total incremental costs over the five-year term of the proposed innovation plan for thermal energy networks projects. If the utility has developed or is developing thermal energy network projects outside of an approved innovation plan, the utility may apply the budget for the projects toward the 15 percent minimum requirement without counting the costs against the limitations on utility customer costs under subdivision 3.

Sec. 3. **[216C.47] GEOTHERMAL PLANNING GRANTS.**

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

(b) "Eligible applicant" means a county, city, town, or the Metropolitan Council.

(c) "Geothermal energy system" means a system that heats and cools one or more buildings by using the constant temperature of the earth as both a heat source and heat sink, and a heat exchanger consisting of an underground closed loop system of piping containing a liquid to absorb and relinquish heat within the earth. Geothermal energy system includes:

(1) a bored geothermal heat exchanger, as defined in section 103I.005;

(2) a groundwater thermal exchange device, as defined in section 103I.005; and

(3) a submerged closed loop heat exchanger, as defined in section 103I.005.

Subd. 2. **Establishment.** A geothermal planning grant program is established in the department to provide financial assistance to eligible applicants to examine the technical and economic feasibility of installing geothermal energy systems.

Subd. 3. **Account established.** (a) The geothermal planning grant account is established as a separate account in the special revenue fund in the state treasury. The commissioner must credit to the account appropriations and transfers to the account. Earnings, including interest, dividends, and any other earnings arising from assets of the account, must be credited to the account. Money remaining in the account at the end of a fiscal year does not cancel to the general fund, but remains in the account until June 30, 2027. The commissioner must manage the account.

(b) Money in the account is appropriated to the commissioner to (1) award geothermal planning grants to eligible applicants, and (2) reimburse the reasonable costs incurred by the department to administer this section.

Subd. 4. **Application process.** An applicant seeking a grant under this section must submit an application to the commissioner on a form developed by the commissioner. The commissioner must develop administrative procedures to govern the application and grant award process. The commissioner may contract with a third party to conduct some or all of the program's operations.

Subd. 5. **Grant awards.** (a) A grant awarded under this process may be used to pay the total cost of the activities eligible for funding under subdivision 6, up to a limit of \$150,000.

(b) The commissioner must endeavor to award grants to eligible applicants in all regions of Minnesota.

(c) Grants may be awarded under this section only to projects whose work is completed after July 1, 2024.

Subd. 6. **Eligible grant expenditures.** Activities that may be funded with a grant awarded under this section include:

(1) analysis of the heating and cooling demand of the building or buildings that consume energy from the geothermal energy system;

(2) evaluation of equipment that could be combined with a geothermal energy system to meet the building's heating and cooling requirement;

(3) analysis of the geologic conditions of the earth in which a geothermal energy system operates, including the drilling of one or more test wells to characterize geologic materials and to measure properties of the earth and aquifers that impact the feasibility of installing and operating a geothermal energy system; and

(4) preparation of a financial analysis of the project.

Subd. 7. **Contractor and subcontractor requirements.** Contractors and subcontractors performing work funded with a grant awarded under this section must have experience installing geothermal energy systems.

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

Sec. 4. THERMAL ENERGY NETWORK DEPLOYMENT WORK GROUP.

Subdivision 1. **Direction.** The Public Utilities Commission must establish and appoint a thermal energy network deployment work group to examine (1) the potential regulatory opportunities for regulated natural gas utilities to deploy thermal energy networks, and (2) potential barriers to development. The work group must examine the public benefits, costs, and impacts of deployment of thermal energy networks, as well as examine rate design options.

Subd. 2. **Membership.** (a) The work group consists of at least the following:

(1) representatives of the Department of Commerce;

(2) representatives of the Department of Health;

(3) representatives of the Pollution Control Agency;

(4) representatives of the Department of Natural Resources;

(5) representatives of the Office of the Attorney General;

(6) representatives from utilities;

(7) representatives from clean energy advocacy organizations;

(8) representatives from labor organizations;

(9) geothermal technology providers;

(10) representatives from consumer protection organizations;

(11) representatives from cities; and

(12) representatives from low-income communities.

(b) The executive secretary of the Public Utilities Commission may invite others to participate in one or more meetings of the work group.

(c) In appointing members to the work group, the Public Utilities Commission shall endeavor to ensure that all geographic regions of Minnesota are represented.

Subd. 3. **Duties.** The work group must prepare a report containing findings and recommendations regarding how to deploy thermal energy networks within a regulated context in a manner that protects the public interest and considers reliability, affordability, environmental impacts, and socioeconomic impacts.

Subd. 4. **Report to legislature.** The work group must submit a report detailing the work group's findings and recommendations to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over energy policy and finance by December 31, 2025. The work group terminates the day after the report under this subdivision is submitted.

Subd. 5. **Notice and comment period.** The executive secretary of the Public Utilities Commission must file the completed report in Public Utilities Commission Docket No. G-999/CI-21-565 and provide notice to all docket participants and other interested persons that comments on the findings and recommendations may be filed in the docket.

Subd. 6. **Definition.** For the purposes of this section, "thermal energy network" means a project that provides heating and cooling to multiple buildings connected via underground piping containing fluids that, in concert with heat pumps, exchange thermal energy from the earth and underground or surface waters.

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

Sec. 5. **THERMAL ENERGY NETWORK SITE SUITABILITY STUDY.**

(a) The Department of Commerce shall conduct or contract for a study to determine the suitability of sites to deploy thermal energy networks statewide.

(b) The study must:

(1) identify areas more and less suitable for deployment of thermal energy networks statewide; and

(2) identify potential barriers to the deployment of thermal energy networks and potential ways to address the barriers.

(c) In determining site suitability, the study must consider:

(1) geologic or hydrologic access to thermal storage;

(2) the existing built environment, including but not limited to age, density, building uses, existing heating and cooling systems, and existing electrical services;

(3) the condition of existing natural gas infrastructure;

(4) road and street conditions, including planned replacement or maintenance;

(5) local land use regulations;

(6) area permitting requirements; and

(7) whether the area is an environmental justice area, as defined in section 116.065, subdivision 1, paragraph (e).

(d) No later than January 15, 2026, the Department of Commerce must submit a written report documenting the study's findings to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over energy policy and finance.

ARTICLE 4 ELECTRIC TRANSMISSION

Section 1. Minnesota Statutes 2022, section 216B.2421, subdivision 2, is amended to read:

Subd. 2. **Large energy facility.** "Large energy facility" means:

(1) any electric power generating plant or combination of plants at a single site with a combined capacity of 50,000 kilowatts or more and transmission lines directly associated with the plant that are necessary to interconnect the plant to the transmission system;

(2) any high-voltage transmission line with a capacity of ~~200~~ 300 kilovolts or more and greater than ~~1,500 feet~~ 30 miles in length;

~~(3) any high voltage transmission line with a capacity of 100 kilovolts or more with more than ten miles of its length in Minnesota or that crosses a state line;~~

~~(4)~~ (3) any pipeline greater than six inches in diameter and having more than 50 miles of its length in Minnesota used for the transportation of coal, crude petroleum or petroleum fuels or oil, or their derivatives;

~~(5)~~ (4) any pipeline for transporting natural or synthetic gas at pressures in excess of 200 pounds per square inch with more than 50 miles of its length in Minnesota;

~~(6)~~ (5) any facility designed for or capable of storing on a single site more than 100,000 gallons of liquefied natural gas or synthetic gas;

~~(7)~~ (6) any underground gas storage facility requiring a permit pursuant to section 103I.681;

~~(8)~~ (7) any nuclear fuel processing or nuclear waste storage or disposal facility; and

~~(9)~~ (8) any facility intended to convert any material into any other combustible fuel and having the capacity to process in excess of 75 tons of the material per hour.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to any project that has filed an application for a certificate of need or a site or route permit from the commission on or after that date.

Sec. 2. Minnesota Statutes 2022, section 216B.2425, subdivision 1, is amended to read:

Subdivision 1. **List.** The commission shall maintain a list of certified high-voltage transmission line and grid enhancing technology projects.

EFFECTIVE DATE. This section is effective June 1, 2025.

Sec. 3. Minnesota Statutes 2022, section 216B.2425, is amended by adding a subdivision to read:

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

(b) "Capacity" means the maximum amount of electricity that can flow through a transmission line while observing industry safety standards.

(c) "Congestion" means a condition in which a lack of transmission line capacity prevents the delivery of the lowest-cost electricity dispatched to meet load at a specific location.

(d) "Dynamic line rating" means hardware or software used to calculate the thermal limit of existing transmission lines at a specific point in time by incorporating information on real-time and forecasted weather conditions.

(e) "Grid enhancing technology" means hardware or software that reduces congestion or enhances the flexibility of the transmission system by increasing the capacity of a high-voltage transmission line or rerouting electricity from overloaded to uncongested lines, while maintaining industry safety standards. Grid enhancing technologies include but are not limited to dynamic line rating, advanced power flow controllers, and topology optimization.

(f) "Power flow controller" means hardware and software used to reroute electricity from overloaded transmission lines to underutilized transmission lines.

(g) "Thermal limit" means the temperature a transmission line reaches when heat from the electric current flow within the transmission line causes excessive sagging of the transmission line.

(h) "Topology optimization" means a software technology that uses mathematical models to identify reconfigurations in the transmission grid in order to reroute electricity from overloaded transmission lines to underutilized transmission lines.

(i) "Transmission line" has the meaning given to "high-voltage transmission line" in section 216E.01, subdivision 4.

(j) "Transmission system" means a network of high-voltage transmission lines owned or operated by an entity subject to this section that transports electricity to Minnesota customers.

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

Sec. 4. Minnesota Statutes 2022, section 216B.2425, subdivision 2, is amended to read:

Subd. 2. **List development; transmission and grid enhancing technology projects report.** (a) By November 1 of each odd-numbered year, a transmission projects report must be submitted to the commission by each utility, organization, or company that:

(1) is a public utility, a municipal utility, a cooperative electric association, the generation and transmission organization that serves each utility or association, or a transmission company; and

(2) owns or operates electric transmission lines in Minnesota, except a company or organization that owns a transmission line that serves a single customer or interconnects a single generating facility.

(b) The report may be submitted jointly or individually to the commission.

(c) The report must:

(1) list specific present and reasonably foreseeable future inadequacies in the transmission system in Minnesota;

(2) identify alternative means of addressing each inadequacy listed, including grid enhancing technologies such as dynamic line rating, power flow controllers, topology optimization, and other hardware or software that reduce congestion or enhance the flexibility of the transmission system;

(3) identify general economic, environmental, and social issues associated with each alternative; and

(4) provide a summary of public input related to the list of inadequacies and the role of local government officials and other interested persons in assisting to develop the list and analyze alternatives.

(d) To meet the requirements of this subdivision, reporting parties may rely on available information and analysis developed by a regional transmission organization or any subgroup of a regional transmission organization and may develop and include additional information as necessary.

(e) In addition to providing the information required under this subdivision, a utility operating under a multiyear rate plan approved by the commission under section 216B.16, subdivision 19, shall identify in its report investments that it considers necessary to modernize the transmission and distribution system by enhancing reliability, improving security against cyber and physical threats, and by increasing energy conservation opportunities by facilitating communication between the utility and its customers through the use of two-way meters, control technologies, energy storage and microgrids, technologies to enable demand response, and other innovative technologies.

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

Sec. 5. Minnesota Statutes 2022, section 216B.243, subdivision 3, is amended to read:

Subd. 3. **Showing required for construction.** No proposed large energy facility shall be certified for construction unless the applicant can show that demand for electricity cannot be met more cost effectively through energy conservation and load-management measures and unless the applicant has otherwise justified its need. In assessing need, the commission shall evaluate:

(1) the accuracy of the long-range energy demand forecasts on which the necessity for the facility is based;

(2) the effect of existing or possible energy conservation programs under sections 216C.05 to 216C.30 and this section or other federal or state legislation on long-term energy demand;

(3) the relationship of the proposed facility to overall state energy needs, as described in the most recent state energy policy and conservation report prepared under section 216C.18, or, in the case of a high-voltage transmission line, the relationship of the proposed line to regional energy needs, as presented in the transmission plan submitted under section 216B.2425;

(4) promotional activities that may have given rise to the demand for this facility;

(5) benefits of this facility, including its uses to protect or enhance environmental quality, and to increase reliability of energy supply in Minnesota and the region;

(6) possible alternatives for satisfying the energy demand or transmission needs including but not limited to potential for increased efficiency and upgrading of existing energy generation and transmission facilities, load-management programs, and distributed generation, except that the commission shall not evaluate alternative endpoints for a high-voltage transmission line unless (i) the alternative endpoints are consistent with endpoints identified in a Transmission Expansion Plan approved by the board of directors of the Midcontinent Independent System Operator, or (ii) the applicant agrees to the evaluation of the alternative endpoints;

(7) the policies, rules, and regulations of other state and federal agencies and local governments;

(8) any feasible combination of energy conservation improvements, required under section 216B.241, that can (i) replace part or all of the energy to be provided by the proposed facility, and (ii) compete with it economically;

(9) with respect to a high-voltage transmission line, the benefits of enhanced regional reliability, access, or deliverability to the extent these factors improve the robustness of the transmission system or lower costs for electric consumers in Minnesota;

(10) whether the applicant or applicants are in compliance with applicable provisions of sections 216B.1691 and 216B.2425, subdivision 7, and have filed or will file by a date certain an application for certificate of need under this section or for certification as a priority electric transmission project under section 216B.2425 for any transmission facilities or upgrades identified under section 216B.2425, subdivision 7;

(11) whether the applicant has made the demonstrations required under subdivision 3a; and

(12) if the applicant is proposing a nonrenewable generating plant, the applicant's assessment of the risk of environmental costs and regulation on that proposed facility over the expected useful life of the plant, including a proposed means of allocating costs associated with that risk.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to dockets pending at the Public Utilities Commission on or after that date.

Sec. 6. Minnesota Statutes 2023 Supplement, section 216B.243, subdivision 8, is amended to read:

Subd. 8. **Exemptions.** (a) This section does not apply to:

(1) cogeneration or small power production facilities as defined in the Federal Power Act, United States Code, title 16, section 796, paragraph (17), subparagraph (A), and paragraph (18), subparagraph (A), and having a combined capacity at a single site of less than 80,000 kilowatts; plants or facilities for the production of ethanol or fuel alcohol; or any case where the commission has determined after being advised by the attorney general that its application has been preempted by federal law;

(2) a high-voltage transmission line proposed primarily to distribute electricity to serve the demand of a single customer at a single location, unless the applicant opts to request that the commission determine need under this section or section 216B.2425;

(3) the upgrade to a higher voltage of an existing transmission line that serves the demand of a single customer that primarily uses existing rights-of-way, unless the applicant opts to request that the commission determine need under this section or section 216B.2425;

(4) a high-voltage transmission line of one mile or less required to connect a new or upgraded substation to an existing, new, or upgraded high-voltage transmission line;

(5) conversion of the fuel source of an existing electric generating plant to using natural gas;

(6) the modification of an existing electric generating plant to increase efficiency, as long as the capacity of the plant is not increased more than ten percent or more than 100 megawatts, whichever is greater;

(7) a large wind energy conversion system, as defined in section ~~216F.01~~ 216E.01, subdivision ~~2~~ 6a, or a solar energy generating system, as defined in section 216E.01, subdivision 9a, for which a site permit application is submitted by an independent power producer under chapter 216E or 216F; ~~or~~

(8) a large wind energy conversion system, as defined in section ~~216F.01~~ 216E.01, subdivision ~~2~~ 6a, or a solar energy generating system that is a large energy facility, as defined in section 216B.2421, subdivision 2, engaging in a repowering project that:

(i) will not result in the system exceeding the nameplate capacity under its most recent interconnection agreement; or

(ii) will result in the system exceeding the nameplate capacity under its most recent interconnection agreement, provided that the Midcontinent Independent System Operator has provided a signed generator interconnection agreement that reflects the expected net power increase;

(9) a transmission line directly associated with and necessary to interconnect any of the following facilities with the electric transmission grid:

(i) a large wind energy conversion system, as defined in section 216E.01, subdivision 6a;

(ii) a solar energy generating system that is a large electric power generating plant; or

(iii) an energy storage system, as defined in section 216E.01, subdivision 3a;

(10) an energy storage system, as defined in section 216E.01, subdivision 3a; or

(11) relocation of an existing high-voltage transmission line, provided the line's voltage is not increased.

(b) For the purpose of this subdivision, "repowering project" means:

(1) modifying a large wind energy conversion system or a solar energy generating system that is a large energy facility to increase its efficiency without increasing its nameplate capacity;

(2) replacing turbines in a large wind energy conversion system without increasing the nameplate capacity of the system; or

(3) increasing the nameplate capacity of a large wind energy conversion system.

Sec. 7. Minnesota Statutes 2022, section 216B.243, subdivision 9, is amended to read:

Subd. 9. **Renewable energy standard and carbon-free energy standard facilities.** This section does not apply to a wind energy conversion system or a solar electric generation facility that is intended to be used to meet the obligations of section 216B.1691, subdivision 2a or 2g; provided that, after notice and comment, the commission determines that the facility is a reasonable and prudent approach to meeting a utility's obligations under that section. When making this determination, the commission must consider:

- (1) the size of the facility relative to a utility's total need for renewable resources;
- (2) alternative approaches for supplying the renewable energy to be supplied by the proposed facility;
- (3) the facility's ability to promote economic development, as required under section 216B.1691, subdivision 9;
- (4) the facility's ability to maintain electric system reliability;
- (5) impacts on ratepayers; and
- (6) other criteria as the commission may determine are relevant.

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

Sec. 8. Minnesota Statutes 2022, section 216B.246, subdivision 3, is amended to read:

Subd. 3. **Commission procedure.** (a) If an electric transmission line has been approved for construction in a federally registered planning authority transmission plan, the incumbent electric transmission owner, or owners if there is more than one owner, shall give notice to the commission, in writing, within ~~90~~ 30 days of approval, regarding its intent to construct, own, and maintain the electric transmission line. If an incumbent electric transmission owner gives notice of intent to build the electric transmission line then, unless exempt from the requirements of section 216B.243, within ~~48~~ 12 months from the date of the notice described in this paragraph ~~or such longer time approved by the commission~~, the incumbent electric transmission owner shall file an application for a certificate of need under section 216B.243 or certification under section 216B.2425.

(b) If the incumbent electric transmission owner indicates that it does not intend to build the transmission line, such notice shall fully explain the basis for that decision. If the incumbent electric transmission owner, or owners, gives notice of intent not to build the electric transmission line, then the commission may determine whether the incumbent electric transmission owner or other entity will build the electric transmission line, taking into consideration issues such as cost, efficiency, reliability, and other factors identified in this chapter.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to any electric transmission line that has been approved for construction in a federally registered planning authority transmission plan on or after that date.

Sec. 9. Minnesota Statutes 2022, section 216E.03, as amended by Laws 2023, chapter 7, sections 25, 26, 27, and 28, and Laws 2023, chapter 60, article 12, sections 50, 51, 52, 53, and 54, is amended to read:

216E.03 DESIGNATING SITES AND ROUTES.

Subdivision 1. **Site permit.** ~~No person may construct~~ A large electric generating plant ~~or~~, an energy storage system, or a large wind energy conversion system that has not received a site permit from a county under section 216E.05, subdivision 4, may not be constructed: (1) without a site permit from the commission. ~~A large electric~~

~~generating plant or an energy storage system may be constructed only; and (2)~~ on a site other than the site approved by the commission. The commission must incorporate into one proceeding the route selection for a high-voltage transmission line that is directly associated with and necessary to interconnect the large electric generating plant to the transmission system and whose need is certified under section 216B.243.

Subd. 2. **Route permit.** No person may construct a high-voltage transmission line without a route permit from the commission. A high-voltage transmission line may be constructed only along a route approved by the commission.

Subd. 2a. **Preapplication coordination.** (a) At least 30 days before filing an application with the commission, an applicant must provide notice to:

- (1) each local unit of government within which a site or route may be proposed;
- (2) Minnesota Tribal governments, as defined under section 10.65, subdivision 2;
- (3) the state agencies that are represented on the Environmental Quality Board; and
- (4) the State Historic Preservation Office.

(b) The notice must describe the proposed project and provide the entities receiving the notice an opportunity for preapplication coordination or feedback.

Subd. 2b. **Preapplication review.** (a) Before submitting an application under this chapter, an applicant must provide a draft application to commissioner of commerce for review. A draft application must not be filed electronically.

(b) The commissioner of commerce's draft application review must focus on the application's completeness and clarifications that may assist the commission's review of the application. Upon completion of the preapplication review under this subdivision, commissioner of commerce must provide the applicant a summary of the completeness review. The applicant may include the completeness review summary with the applicant's application under subdivision 3.

Subd. 3. **Application.** (a) Any person seeking to construct a large electric power facility must apply to the commission for a site or route permit, as applicable. The application shall contain such information as the commission may require. The applicant shall propose ~~at least two sites~~ a single site for a large electric power facility and ~~two routes~~ one route for a high-voltage transmission line. ~~Neither of the two proposed routes may be designated as a preferred route and all proposed routes must be numbered and designated as alternatives. The commission shall determine whether an application is complete and advise the applicant of any deficiencies within ten days of receipt. An application is not incomplete if information not in the application can be obtained from the applicant during the first phase of the process and that information is not essential for notice and initial public meetings.~~

(b) The commission's designee must determine whether an application is complete and advise the applicant of any deficiencies within ten days of the date an application is received.

(c) An application is not incomplete if:

(1) information that is not included in the application may be obtained from the applicant prior to the initial public meeting; and

(2) the information that is not included in the application is not essential to provide adequate notice.

~~Subd. 3a. **Project notice.** At least 90 days before filing an application with the commission, the applicant shall provide notice to each local unit of government within which a route may be proposed. The notice must describe the proposed project and the opportunity for a preapplication consultation meeting with local units of government as provided in subdivision 3b.~~

~~Subd. 3b. **Preapplication consultation meetings.** Within 30 days of receiving a project notice, local units of government may request the applicant to hold a consultation meeting with local units of government. Upon receiving notice from a local unit of government requesting a preapplication consultation meeting, the applicant shall arrange the meeting at a location chosen by the local units of government. A single public meeting for which each local government unit requesting a meeting is given notice satisfies the meeting requirement of this subdivision.~~

Subd. 4. **Application notice.** Within 15 days after submission of an application to the commission, the applicant shall publish notice of the application in a legal newspaper of general circulation in each county in which the site or route is proposed and send a copy of the application by certified mail to any regional development commission, county, incorporated municipality, and town in which any part of the site or route is proposed. Within the same 15 days, the applicant shall also send a notice of the submission of the application and description of the proposed project to each owner whose property is on or adjacent to any of the proposed sites for the power plant or along any of the proposed routes for the transmission line. The notice must identify a location where a copy of the application can be reviewed. For the purpose of giving mailed notice under this subdivision, owners are those shown on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer; but other appropriate records may be used for this purpose. The failure to give mailed notice to a property owner, or defects in the notice, does not invalidate the proceedings, provided a bona fide attempt to comply with this subdivision has been made. Within the same 15 days, the applicant shall also send the same notice of the submission of the application and description of the proposed project to those persons who have requested to be placed on a list maintained by the commission for receiving notice of proposed large electric generating power plants and high voltage transmission lines.

Subd. 5. **Environmental review.** (a) The commissioner of the Department of Commerce shall prepare for the commission an environmental impact statement on each proposed large electric power facility for which a complete application has been submitted. The commissioner shall not consider whether or not the project is needed. No other state environmental review documents shall be required. The commissioner shall study and evaluate any site or route proposed by an applicant and any other site or route the commission deems necessary that was proposed in a manner consistent with rules concerning the form, content, and timeliness of proposals for alternate sites or routes, excluding any alternate site for a solar energy generating system that was not proposed by an applicant.

(b) For a cogeneration facility as defined in section 216H.01, subdivision 1a, that is a large electric power generating plant and is not proposed by a utility, the commissioner must make a finding in the environmental impact statement whether the project is likely to result in a net reduction of carbon dioxide emissions, considering both the utility providing electric service to the proposed cogeneration facility and any reduction in carbon dioxide emissions as a result of increased efficiency from the production of thermal energy on the part of the customer operating or owning the proposed cogeneration facility.

Subd. 6. **Public hearing.** The commission shall hold a public hearing on an application for a site or route permit for a large electric power facility. All hearings held for designating a site or route shall be conducted by an administrative law judge from the Office of Administrative Hearings pursuant to the contested case procedures of chapter 14. Notice of the hearing shall be given by the commission at least ten days in advance but no earlier than 45 days prior to the commencement of the hearing. Notice shall be by publication in a legal newspaper of general circulation in the county in which the public hearing is to be held and by certified mail to chief executives of the regional development commissions, counties, organized towns, townships, and the incorporated municipalities in which a site or route is proposed. Any person may appear at the hearings and offer testimony and exhibits without

~~the necessity of intervening as a formal party to the proceedings. The administrative law judge may allow any person to ask questions of other witnesses. The administrative law judge shall hold a portion of the hearing in the area where the power plant or transmission line is proposed to be located.~~

Subd. 5a. **Public meeting.** (a) Within 20 days after the date the commission determines an application is complete, to the extent practicable, the commission must hold at least one public meeting in a location near the proposed project's location to explain the permitting process, present major issues, and respond to questions raised by the public.

(b) At the public meeting and in written comments accepted for at least ten days following the date of the public meeting, the commission must accept comments on potential impacts, permit conditions, and alternatives the commission should evaluate when considering the application.

Subd. 6a. **Draft permit.** Within 30 days after the date the public comment period closes following the public hearing in section 216.035, subdivision 2, or section 216E.04, subdivision 6, to the extent practicable, the commission must:

(1) prepare a draft site or route permit for the proposed facility. The draft permit must identify the person or persons who are the permittee, describe the proposed project, and include proposed permit conditions. A draft site or route permit does not authorize a person to construct a proposed facility. The commission may change the draft site permit in any respect before final issuance or may deny the permit; and

(2) identify any issues or alternatives that must be evaluated in an environmental assessment, addendum prepared under section 216E.041, or an environmental impact statement prepared under section 216E.035.

Subd. 7. Considerations in designating sites and routes. (a) The commission's site and route permit determinations must be guided by the state's goals to conserve resources, minimize environmental impacts, minimize human settlement and other land use conflicts, and ensure the state's electric energy security through efficient, cost-effective power supply and electric transmission infrastructure.

(b) To facilitate the study, research, evaluation, and designation of sites and routes, the commission shall be guided by, but not limited to, the following considerations:

(1) evaluation of research and investigations relating to the effects on land, water and air resources of large electric power facilities and the effects of water and air discharges and electric and magnetic fields resulting from such facilities on public health and welfare, vegetation, animals, materials and aesthetic values, including baseline studies, predictive modeling, and evaluation of new or improved methods for minimizing adverse impacts of water and air discharges and other matters pertaining to the effects of power plants on the water and air environment;

(2) environmental evaluation of sites and routes proposed for future development and expansion and their relationship to the land, water, air and human resources of the state;

(3) evaluation of the effects of new electric power generation and transmission technologies and systems related to power plants designed to minimize adverse environmental effects;

(4) evaluation of the potential for beneficial uses of waste energy from proposed large electric power generating plants;

(5) analysis of the direct and indirect economic impact of proposed sites and routes including, but not limited to, productive agricultural land lost or impaired;

(6) evaluation of adverse direct and indirect environmental effects that cannot be avoided should the proposed site and route be accepted;

(7) evaluation of alternatives to the applicant's proposed site or route proposed pursuant to subdivisions 1 and 2;

(8) evaluation of potential routes that would use or parallel existing railroad and highway rights-of-way;

(9) evaluation of governmental survey lines and other natural division lines of agricultural land so as to minimize interference with agricultural operations;

(10) evaluation of the future needs for additional high-voltage transmission lines in the same general area as any proposed route, and the advisability of ordering the construction of structures capable of expansion in transmission capacity through multiple circuiting or design modifications;

(11) evaluation of irreversible and irretrievable commitments of resources should the proposed site or route be approved;

(12) when appropriate, consideration of problems raised by other state and federal agencies and local entities;

(13) evaluation of the benefits of the proposed facility with respect to (i) the protection and enhancement of environmental quality, and (ii) the reliability of state and regional energy supplies;

(14) evaluation of the proposed facility's impact on socioeconomic factors; and

(15) evaluation of the proposed facility's employment and economic impacts in the vicinity of the facility site and throughout Minnesota, including the quantity and quality of construction and permanent jobs and their compensation levels. The commission must consider a facility's local employment and economic impacts, and may reject or place conditions on a site or route permit based on the local employment and economic impacts.

(c) If the commission's rules are substantially similar to existing regulations of a federal agency to which the utility in the state is subject, the federal regulations must be applied by the commission.

(d) No site or route shall be designated which violates state agency rules.

(e) The commission must make specific findings that it has considered locating a route for a high-voltage transmission line on an existing high-voltage transmission route and the use of parallel existing highway right-of-way and, to the extent those are not used for the route, the commission must state the reasons.

Subd. 8. Recording of survey points. The permanent location of monuments or markers found or placed by a utility in a survey of right-of-way for a route shall be placed on record in the office of the county recorder or registrar of titles. No fee shall be charged to the utility for recording this information.

~~Subd. 9. **Timing.** The commission shall make a final decision on an application within 60 days after receipt of the report of the administrative law judge. A final decision on the request for a site permit or route permit shall be made within one year after the commission's determination that an application is complete. The commission may extend this time limit for up to three months for just cause or upon agreement of the applicant.~~

~~Subd. 10. **Final decision.** (a) No site permit shall be issued in violation of the site selection standards and criteria established in this section and in rules adopted by the commission. When the commission designates a site, it shall issue a site permit to the applicant with any appropriate conditions. The commission shall publish a notice of its decision in the State Register within 30 days of issuance of the site permit.~~

~~(b) No route permit shall be issued in violation of the route selection standards and criteria established in this section and in rules adopted by the commission. When the commission designates a route, it shall issue a permit for the construction of a high voltage transmission line specifying the design, routing, right of way preparation, and facility construction it deems necessary, and with any other appropriate conditions. The commission may order the construction of high voltage transmission line facilities that are capable of expansion in transmission capacity through multiple circuiting or design modifications. The commission shall publish a notice of its decision in the State Register within 30 days of issuance of the permit.~~

~~(c) The commission must require as a condition of permit issuance, including issuance of a modified permit for a repowering project, as defined in section 216B.243, subdivision 8, paragraph (b), that the recipient of a site permit to construct a large electric power generating plant, including all of the permit recipient's construction contractors and subcontractors on the project: (1) pay no less than the prevailing wage rate, as defined in section 177.42; and (2) be subject to the requirements and enforcement provisions under sections 177.27, 177.30, 177.32, 177.41 to 177.435, and 177.45.~~

Subd. 11. **Department of Commerce to provide technical expertise and other assistance.** (a) The commissioner of the Department of Commerce shall consult with other state agencies and provide technical expertise and other assistance to the commission or to individual members of the commission for activities and proceedings under this chapter ~~and chapters 216F and~~ chapter 216G. This assistance shall include the sharing of power plant siting and routing staff and other resources as necessary. The commissioner shall periodically report to the commission concerning the Department of Commerce's costs of providing assistance. The report shall conform to the schedule and include the required contents specified by the commission. The commission shall include the costs of the assistance in assessments for activities and proceedings under those sections and reimburse the special revenue fund for those costs. If either the commissioner or the commission deems it necessary, the department and the commission shall enter into an interagency agreement establishing terms and conditions for the provision of assistance and sharing of resources under this subdivision.

(b) Notwithstanding the requirements of section 216B.33, the commissioner may take any action required or requested by the commission related to the environmental review requirements under chapter 216E ~~or 216F~~ immediately following a hearing and vote by the commission, prior to issuing a written order, finding, authorization, or certificate.

Subd. 12. **Prevailing wage.** The commission must require as a condition of permit issuance, including issuance of a modified permit for a repowering project, as defined in section 216B.243, subdivision 8, paragraph (b), that the recipient of a site permit to construct a large electric power generating plant, including all of the permit recipient's construction contractors and subcontractors on the project:

(1) pay no less than the prevailing wage rate, as defined in section 177.42; and

(2) are subject to the requirements and enforcement provisions under sections 177.27, 177.30, 177.32, 177.41 to 177.435, and 177.45.

Subd. 13. **Application.** This section applies to applications for a site or route permit filed under section 216E.035 or 216E.04.

Sec. 10. **[216E.031] APPLICABILITY DETERMINATION.**

Subdivision 1. **Generally.** This section may be used to determine:

(1) whether a proposal is subject to the commission's siting or routing jurisdiction under this chapter; or

(2) which review process is applicable at the time of the initial application.

Subd. 2. **Size determination.** An applicant must follow the provisions of section 216E.021 or 216E.022, as applicable, to determine the size of a solar energy generating system or a wind energy conversion system. In determining the size of an energy storage system, an applicant must combine the alternating current nameplate capacity of any other energy storage system that:

(1) is constructed within the same 12-month period as the energy storage system; and

(2) exhibits characteristics of being a single development, including but not limited to ownership structure, an umbrella sales arrangement, shared interconnection, revenue sharing arrangements, and common debt or equity financing.

Subd. 3. **Transmission lines.** For transmission lines, the applicant must describe the applicability issue and provide sufficient facts to support the determination.

Subd. 4. **Forms; assistance; written determination.** (a) The commission must provide forms and assistance to help applicants make a request for an applicability determination.

(b) Upon written request from an applicant, the commission must provide a written determination regarding applicability under this section. To the extent practicable, the commission must provide the written determination within 30 days of the date the request was received or 30 days of the date information that the commission requested from the applicant is received, whichever is later. This written determination constitutes a final decision of the commission.

Sec. 11. **[216E.035] APPLICATIONS; MAJOR REVIEW.**

Subdivision 1. **Environmental review.** (a) The commissioner of commerce shall prepare for the commission an environmental impact statement on each proposed large electric power facility for which a complete application has been submitted. The commissioner shall not consider whether or not the project is needed. No other state environmental review documents are required. The commissioner shall study and evaluate any site or route proposed by an applicant and any other site or route the commission deems necessary that was proposed in a manner consistent with rules concerning the form, content, and timeliness of proposals for alternate sites or routes, excluding any alternate site for a solar energy generating system that was not proposed by an applicant.

(b) For a cogeneration facility as defined in section 216H.01, subdivision 1a, that is a large electric power generating plant and is not proposed by a utility, the commissioner must make a finding in the environmental impact statement whether the project is likely to result in a net reduction of carbon dioxide emissions, considering both the utility providing electric service to the proposed cogeneration facility and any reduction in carbon dioxide emissions as a result of increased efficiency from the production of thermal energy on the part of the customer operating or owning the proposed cogeneration facility.

Subd. 2. **Public hearing.** (a) In addition to the public meeting required under section 216E.03, subdivision 5a, the commission shall hold a public hearing on an application for a site or route permit for a large electric power facility. A hearing held for designating a site or route shall be conducted by an administrative law judge from the Office of Administrative Hearings pursuant to the contested case procedures of chapter 14 only if commission staff determines that a disputed matter exists that may require clarification through expert testimony. Notice of the hearing shall be given by the commission at least ten days in advance but no earlier than 45 days prior to the commencement of the hearing. Notice shall be by publication in a legal newspaper of general circulation in the county in which the public hearing is to be held and by certified mail to chief executives of the regional development commissions, Tribal governments, counties, organized towns, townships, and the incorporated municipalities in which a site or route is proposed. Any person may appear at the hearings and offer testimony and exhibits without the necessity of intervening as a formal party to the proceedings. The administrative law judge may allow any person to ask questions of other witnesses. The administrative law judge shall hold a portion of the hearing in the area where the power plant or transmission line is proposed to be located.

(b) The commission must accept written comments submitted at least ten days following the hearing regarding project impacts, permit conditions, and alternatives the commission should evaluate when considering the application.

Subd. 3. **Timing.** (a) The commission shall make a final decision on an application within 60 days after receipt of the report of the administrative law judge, if applicable. A final decision on the request for a site permit or route permit shall be made within one year after the commission's determination that an application is complete. The commission may extend the time limit under this paragraph for up to three months for just cause or upon agreement with the applicant.

(b) To ensure that a final decision complies with the requirements of this subdivision, the commission shall establish deadlines for the submission of comments by state agencies on applications and environmental review documents that expedite the siting and route permitting process.

Subd. 4. **Final decision.** (a) No site permit shall be issued by the commission: (1) in violation of the site selection standards and criteria established in this section and in rules adopted by the commission; or (2) if the commission determines that the proposed project is not in the public interest. When the commission designates a site, the commission shall issue a site permit to the applicant with any appropriate conditions. The commission shall publish a notice of the commission's decision in the State Register within 30 days of issuance of the site permit.

(b) No route permit shall be issued by the commission: (1) in violation of the route selection standards and criteria established in this section and in rules adopted by the commission; or (2) if the commission determines that the proposed project is not in the public interest. When the commission designates a route, the commission shall issue a permit for the construction of a high-voltage transmission line specifying the design, routing, right-of-way preparation, and facility construction the commission deems necessary, and with any other appropriate conditions. The commission may order the construction of high-voltage transmission line facilities that are capable of expansion in transmission capacity through multiple circuiting or design modifications. The commission shall publish a notice of the commission's decision in the State Register within 30 days of issuance of the permit, to the extent practicable.

(c) Immediately following the commission's vote granting an applicant a site or route permit, and prior to issuance of a written commission order embodying that decision, the applicant may submit to commission staff for review preconstruction compliance filings specifying details of the applicant's proposed site operations.

Sec. 12. Minnesota Statutes 2022, section 216E.04, as amended by Laws 2023, chapter 7, section 29, and Laws 2023, chapter 60, article 12, section 55, is amended to read:

216E.04 ALTERNATIVE APPLICATIONS; STANDARD REVIEW OF APPLICATIONS.

Subdivision 1. **Alternative Standard review.** An applicant who seeks a site permit or route permit for one of the projects identified in this section shall have the option of following the procedures in this section rather than the procedures in section ~~216E.03~~ 216E.035. The applicant shall notify the commission at the time the application is submitted which procedure the applicant chooses to follow.

Subd. 2. **Applicable projects.** The requirements and procedures in this section apply to the following projects, as presented in the application submitted to the commission:

(1) large electric power generating plants with a capacity of less than 80 megawatts that are not fueled by natural gas;

~~(2) large electric power generating plants that are fueled by natural gas;~~

~~(3) (2) high-voltage transmission lines of between 100 and 200 kilovolts below 345 kilovolts and less than 30 miles of length in Minnesota;~~

(3) high-voltage transmission lines of between 100 and 300 kilovolts of any length;

~~(4) high-voltage transmission lines in excess of 200 kilovolts and less than 30 miles in length in Minnesota;~~

~~(5) high-voltage transmission lines in excess of 200 kilovolts if at least 80 percent of the distance of the line in Minnesota will be located along existing high-voltage transmission line right-of-way;~~

~~(6) a high-voltage transmission line service extension to a single customer between 200 and 300 kilovolts and less than ten miles in length;~~

~~(7) (4) a high-voltage transmission line rerouting to serve the demand of a single customer when the rerouted line will be located at least 80 percent on property owned or controlled by the customer or the owner of the transmission line;~~

~~(8) (5) large electric power generating plants that are powered by solar energy; and~~

(6) a wind energy conversion system of five megawatts or greater alternating current capacity; and

~~(9) (7) energy storage systems.~~

Subd. 3. **Application.** The applicant for a site or route permit for any of the projects listed in subdivision 2 who chooses to follow these procedures shall submit information as the commission may require, but the applicant shall not be required to propose a second site or route for the project. The applicant shall identify in the application any other sites or routes that were rejected by the applicant and the commission may identify additional sites or routes to consider during the processing of the application. The commission shall determine whether an application is complete and advise the applicant of any deficiencies.

Subd. 4. **Notice of application.** Upon submission of an application under this section, the applicant shall provide the same notice as required by under section 216E.03, subdivision 4.

Subd. 5. **Environmental review.** ~~For the projects identified in subdivision 2 and following these procedures, the commissioner of the Department of Commerce~~ The applicant shall prepare for the commission an environmental assessment for projects identified in subdivision 2 that follows the procedures in section 216E.041. The environmental assessment shall contain information on the human and environmental impacts of the proposed project and other sites or routes identified by the commission and shall address mitigating measures for all of the sites or routes considered. The environmental assessment shall be the only state environmental review document required to be prepared on the project.

Subd. 6. **Public hearing.** (a) In addition to the public meeting required under section 216E.03, subdivision 5a, the commission shall hold a public hearing in the area where the facility is proposed to be located. The commission shall give notice of the public hearing in the same manner as notice under section ~~216E.03, subdivision 6~~ 216E.035, subdivision 2. The commission shall conduct the public hearing under procedures established by the commission. The applicant shall be present at the hearing to present evidence and to answer questions. The commission shall provide opportunity at the public hearing for any person to present comments and to ask questions of the applicant and commission staff. The commission shall also afford interested persons an opportunity to submit written comments into the record.

(b) The commission must accept written comments submitted for at least ten days following the hearing regarding project impact, permit conditions, and alternatives the commission should evaluate when considering the application.

Subd. 7. **Timing.** (a) The commission shall make a final decision on an application within 60 days after completion of the public hearing. A final decision on the request for a site permit or route permit under this section shall be made within six months after the commission's determination that an application is complete. The commission may extend this time limit for up to three months for just cause or upon agreement of the applicant.

(b) To ensure that a final decision complies with the requirements of this subdivision, the commission shall establish deadlines for the submission of comments by state agencies on applications and environmental review documents that expedite the siting and route permitting process.

~~Subd. 8. **Considerations.** The considerations in section 216E.03, subdivision 7, shall apply to any projects subject to this section.~~

Subd. 9. **Final decision.** (a) No site permit shall be issued by the commission: (1) in violation of the site selection standards and criteria established in this section and in rules adopted by the commission; or (2) if the commission determines that the proposed project is not in the public interest. When the commission designates a site, it shall issue a site permit to the applicant with any appropriate conditions. The commission shall publish a notice of its decision in the State Register within 30 days of issuance of the site permit.

~~(b) No route designation shall be made~~ shall be issued: (1) in violation of the route selection standards and criteria established in this section and in rules adopted by the commission; or (2) if the commission determines that the proposed project is not in the public interest. When the commission designates a route, it shall issue a permit for the construction of a high-voltage transmission line specifying the design, routing, right-of-way preparation, and facility construction it deems necessary and with any other appropriate conditions. The commission may order the construction of high-voltage transmission line facilities that are capable of expansion in transmission capacity through multiple circuiting or design modifications. The commission shall publish a notice of its decision in the State Register within 30 days of issuance of the permit.

(c) Immediately following the commission's vote granting an applicant a site or route permit, and prior to issuance of a written commission order embodying the decision, the applicant may submit to commission staff for review preconstruction compliance filings specifying details of the applicant's proposed site operations.

Sec. 13. **[216E.041] ENVIRONMENTAL ASSESSMENT PREPARATION.**

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

(b) "Commissioner" means the commissioner of commerce.

(c) "General list" means a list maintained by the commission of persons who request to be notified of the acceptance of applications for site permits or route permits.

(d) "Project contact list" means a list maintained by the commission of persons who request to receive notices regarding a specific project for which a site permit or route permit is sought.

Subd. 2. **Environmental assessment; content.** The applicant shall prepare and submit with the permit application an environmental assessment on each proposed project being reviewed under section 216E.04. The environmental assessment must contain, at a minimum:

(1) a general description of the proposed facility;

(2) a list of any alternative sites or routes that are addressed;

(3) a discussion of the potential impacts of the proposed project and each alternative site or route on the human and natural environment;

(4) a discussion of mitigative measures that could reasonably be implemented to eliminate or minimize any adverse impacts identified for the proposed project and each alternative site or route analyzed;

(5) an analysis of the feasibility of each alternative site or route considered; and

(6) a list of permits required for the project.

Subd. 3. Environmental assessment; notification of availability. Upon receipt of the environmental assessment from the applicant, the commissioner shall publish notice in the EQB Monitor of the availability of the environmental assessment and mail notice of the availability of the document to those persons on the general list or the project contact list. The commissioner shall provide a copy of the environmental assessment to any public agency with authority to permit or approve the proposed project. The commissioner shall post the environmental assessment on the agency's web page.

Subd. 4. Environmental assessment; comments; addendum. (a) The commissioner shall provide the public with an opportunity to comment on the environmental assessment by holding a public meeting and by soliciting public comments. The commissioner shall mail notice of the meeting to those persons on either the general list or the project contact list at least ten days before the meeting. The commissioner shall provide at least seven days from the date of the public meeting for the public to submit comments on the environmental assessment.

(b) Any person or any member agency of the Environmental Quality Board may, at the public meeting or in written comments submitted to the commissioner, request that the Department of Commerce analyze any of the following issues in an addendum to the environmental assessment:

(1) one or more alternative sites or routes;

(2) additional mitigation measures for environmental impacts identified in the environmental assessment; or

(3) specific human or environmental impacts that were not addressed or not addressed adequately in the environmental assessment.

(c) A person requesting additional environmental analysis in an addendum under paragraph (b) must submit to the commissioner (1) an explanation of why the request should be accepted, and (2) all supporting information the person wants the commissioner to consider. The commissioner shall provide the applicant with an opportunity to respond to each request. The commissioner shall prepare an addendum in response to a request, or at the commissioner's own discretion, only if the commissioner determines that the additional analysis assists the commission's ultimate decision on the permit application, including the establishment of permit conditions.

(d) In making the commission's final decision, the commission must consider the environmental assessment, the addendum to the environmental assessment, if any, comments received at or after the public meeting, and the entirety of the record on environmental and human health impacts.

(e) The commissioner shall follow the notification procedures established for an environmental assessment in subdivision 3 with respect to an addendum prepared under subdivision 4.

Subd. 5. Matters excluded. If the commission has issued a certificate of need to an applicant for a large electric power generating plant or high-voltage transmission line or placed a high-voltage transmission line on the certified project list maintained by the commission under section 216B.2425, subdivision 3, the environmental assessment of the project shall not address (1) questions of need, including size, type, and timing; (2) questions of alternative system configurations; or (3) questions of voltage.

Subd. 6. **No additional environmental review.** An environmental assessment and addendum, if prepared, must be the only state environmental review documents required to be prepared by the commissioner on a project qualifying for review under section 216E.04. An environmental assessment worksheet or environmental impact statement is not required. Environmental review at the certificate of need stage before the commission must be performed in accordance with Minnesota Rules, parts 7849.1000 to 7849.2100.

Subd. 7. **Cost.** The commissioner shall assess the department's cost to prepare an addendum to an environmental assessment to the applicant.

Sec. 14. **[216E.042] PERMIT AMENDMENTS.**

Subdivision 1. **Applicability.** (a) This section applies to a request by the owner of a large electric power facility to modify any provision or condition of a site or route permit issued by the commission, including permit amendments to:

(1) upgrade or rebuild an existing electric line and associated facilities to a voltage capable of operating between 100 kilovolts and 300 kilovolts; or

(2) repower or refurbish a large electric power generating plant, a large wind energy conversion system, a solar energy generating system, or an energy storage system that increases the efficiency of the facility. For a large electric power generating plant, an increase in efficiency means a reduction in the amount of British thermal units required to generate a kilowatt hour of electricity at the facility.

(b) A permit amendment must not be approved under this section if the permit amendment:

(1) results in significant changes in the environmental or human health impacts of the facility;

(2) increases the developed area within the permitted site; or

(3) increases the facility's nameplate capacity above the nameplate capacity in the facility's most recent interconnection agreement.

Subd. 2. **Application.** A person seeking a permit amendment under this section must submit an application in writing to the commissioner on a form prescribed by the commissioner. The application must describe:

(1) the permit modification sought;

(2) how the request meets the applicability criteria under subdivision 1; and

(3) any changes in environmental or health impacts that would result from implementation of the amendment that were not addressed in the environmental document accompanying the initial permit application.

Subd. 3. **Notice.** The commission must mail notice that the application was received to persons on the general list and, if applicable, to persons on the project contact list.

Subd. 4. **Public comment.** The commission must accept written comments on the application and requests to bring the amendment to the commission for consideration for at least ten days following service of notice. The applicant must respond to comments within seven days of the close of the comment period.

Subd. 5. **Timing.** Within 20 days of the date the public comment period closes, the commission's designee must decide whether to authorize the permit amendment, bring the matter to the commission for consideration, or determine that the application requires a permitting decision under another section in this chapter.

Subd. 6. **Decision.** The commission may approve an amendment that places reasonable conditions on the permittee. The commission must notify the applicant in writing of the commission's decision and send a copy of the decision to any person who requested notification or filed comments on the application.

Subd. 7. **Local review.** An owner or operator of a large electric power generating plant or high-voltage transmission line that was not issued a permit by the commission may seek approval to modify a project listed under subdivision 1, clause (1) or (2), from the local unit of government if the facility qualifies for standard review under section 216E.04 or local review under section 216E.05.

Sec. 15. **[216E.051] EXEMPT PROJECTS.**

Subdivision 1. **Permit not required.** A permit issued by the commission is not required to construct:

(1) a small wind energy conversion system;

(2) a power plant or solar generating system with a capacity of less than 50 megawatts;

(3) an energy storage system with a capacity of less than ten megawatts;

(4) a transmission line that (i) has a capacity of 100 kilovolts or more, and (ii) is less than 1,500 feet in length; or

(5) a transmission line that has a capacity of less than 100 kilovolts.

Subd. 2. **Other approval.** A person that proposes a facility listed in subdivision 1 must (1) obtain any approval required by local, state, or federal units of government with jurisdiction over the project, and (2) comply with the environmental review requirements under chapter 116D and Minnesota Rules, chapter 4410.

Sec. 16. **[216E.055] COST AND ECONOMIC IMPACT REVIEW.**

Subdivision 1. **Applicability.** If a project proposed by a public utility applying for a site or route permit under this chapter was not required to obtain a certificate of need under section 216B.243, the commission must review the proposed cost of the project and the project's estimated economic impact on Minnesota ratepayers. The commission may reject a site or route permit application based solely on project costs that the commission determines are not reasonable and prudent.

Subd. 2. **Review content.** In determining a proposed facility's cost and economic impact, the commission must analyze and consider the following:

(1) the construction cost of the proposed facility and the cost of the energy the proposed facility generates, compared to the costs of reasonable alternatives;

(2) the economic impact of the proposed facility, or a suitable modification of the proposed facility, compared to:

(i) the impact of reasonable alternatives; and

(ii) not building the facility; and

(3) the cost and economic impact of the proposed facility compared with similar facilities located elsewhere.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to any site or route permit filed by the commission on or after that date.

Sec. 17. Minnesota Statutes 2023 Supplement, section 216E.10, subdivision 3, is amended to read:

Subd. 3. **State agency participation.** (a) State agencies authorized to issue permits required for construction or operation of large electric power facilities shall participate during routing and siting at public hearings and all other activities of the commission on specific site or route designations and design considerations of the commission, and shall clearly state whether the site or route being considered for designation or permit and other design matters under consideration for approval will be in compliance with state agency standards, rules, or policies.

(b) An applicant for a permit under this section or under chapter 216G shall notify the commissioner of agriculture if the proposed project will impact cultivated agricultural land, as that term is defined in section 216G.01, subdivision 4. The commissioner may participate and advise the commission as to whether to grant a permit for the project and the best options for mitigating adverse impacts to agricultural lands if the permit is granted. The Department of Agriculture shall be the lead agency on the development of any agricultural mitigation plan required for the project.

(c) The State Historic Preservation Office must comply with the requirements of this section. The commission's consideration of the State Historic Preservation Office's comments satisfies the requirements of section 138.665, when applicable.

Sec. 18. Minnesota Statutes 2022, section 216F.02, is amended to read:

216F.02 EXEMPTIONS.

~~(a) The requirements of chapter 216E do not apply to the siting of LWECS, except for sections 216E.01; 216E.03, subdivision 7; 216E.08; 216E.11; 216E.12; 216E.14; 216E.15; 216E.17; and 216E.18, subdivision 3, which do apply.~~

~~(b) (a) Any person may construct an SWECS without complying with chapter 216E or this chapter.~~

~~(c) (b) Nothing in this chapter shall preclude a local governmental unit from establishing requirements for the siting and construction of SWECS.~~

Sec. 19. **GRID ENHANCING TECHNOLOGIES REPORT; PUBLIC UTILITIES COMMISSION ORDER.**

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

(b) "Capacity" means the maximum amount of electricity that can flow through a transmission line while observing industry safety standards.

(c) "Congestion" means a condition in which a lack of transmission line capacity prevents the delivery of the lowest-cost electricity dispatched to meet load at a specific location.

(d) "Dynamic line rating" means hardware or software used to calculate the thermal limit of existing transmission lines at a specific point in time by incorporating information on real-time and forecasted weather conditions.

(e) "Grid enhancing technology" means hardware or software that reduces congestion or enhances the flexibility of the transmission system by increasing the capacity of a high-voltage transmission line or rerouting electricity from overloaded to uncongested lines, while maintaining industry safety standards. Grid enhancing technologies include but are not limited to dynamic line rating, advanced power flow controllers, and topology optimization.

(f) "Line rating methodology" means a methodology used to calculate the maximum amount of electricity that can be carried by a transmission line without exceeding thermal limits designed to ensure safety.

(g) "Power flow controller" means hardware and software used to reroute electricity from overloaded transmission lines to underutilized transmission lines.

(h) "Thermal limit" means the temperature a transmission line reaches when heat from the electric current flow within the transmission line causes excessive sagging of the transmission line.

(i) "Topology optimization" means a software technology that uses mathematical models to identify reconfigurations in the transmission grid in order to reroute electricity from overloaded transmission lines to underutilized transmission lines.

(j) "Transmission line" has the meaning given to "high-voltage transmission line" in section 216E.01, subdivision 4.

(k) "Transmission system" means a network of high-voltage transmission lines owned or operated by an entity subject to this section that transports electricity to Minnesota customers.

Subd. 2. Report; content. An entity that owns more than 750 miles of transmission lines in Minnesota, as reported in the state transmission report submitted to the Public Utilities Commission under Minnesota Statutes, section 216B.2425, by November 1, 2025, must include in that report information that:

(1) identifies, during each of the last three years, locations that experienced 168 hours or more of congestion, or the ten locations at which the most costly congestion occurred, whichever measure produces the greater number of locations;

(2) estimates the frequency of congestion at each location and the increased cost to ratepayers resulting from the substitution of higher-priced electricity;

(3) identifies locations on each transmission system that are likely to experience high levels of congestion during the next five years;

(4) evaluates the technical feasibility and estimates the cost of installing one or more grid enhancing technologies to address each instance of grid congestion identified in clause (1), and projects the grid enhancing technology's efficacy in reducing congestion;

(5) analyzes the cost-effectiveness of installing grid enhancing technologies to address each instance of congestion identified in clause (1) by using the information developed in clause (2) to calculate the payback period of each installation, using a methodology developed by the commission;

(6) proposes an implementation plan, including a schedule and cost estimate, to install grid enhancing technologies at each congestion point identified in clause (1) at which the payback period is less than or equal to a value determined by the commission, in order to maximize transmission system capacity; and

(7) explains the transmission owner's current line rating methodology.

Subd. 3. Commission review; order. (a) The commission shall review the implementation plans proposed by each reporting entity as required in subdivision 2, clause (6), and must:

(1) review, and may approve, reject, or modify, the plan; and

(2) issue an order requiring implementation of an approved plan.

(b) Within 90 days of the commission's issuance of an order under this subdivision each public utility shall file with the commission a plan containing a workplan, cost estimate, and schedule for implementing the elements of the plan approved by the commission that are located within the public utility's electric service area. For each entity required to report under this section that is not a public utility, the commission's order is advisory.

Subd. 4. Cost recovery. Notwithstanding any other provision of this chapter, the commission may approve cost recovery under Minnesota Statutes, section 216B.16, including an appropriate rate of return, of any prudent and reasonable investments made or expenses incurred by a public utility to administer and implement a grid enhancing technologies plan approved by the commission under this section.

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

Sec. 20. **REVISOR INSTRUCTION.**

The revisor of statutes shall renumber each section of Minnesota Statutes listed in column A with the number listed in column B. The revisor shall also make necessary cross-reference changes consistent with the renumbering.

Column A

216F.01, subdivision 2
216F.01, subdivision 3
216F.01, subdivision 4
216F.011
216F.02
216F.06
216F.07
216F.08
216F.081
216F.084

Column B

216E.01, subdivision 6a
216E.01, subdivision 9b
216E.01, subdivision 11
216E.022
216E.023
216E.055
216E.10, subdivision 1a
216E.05, subdivision 4
216E.05, subdivision 5
216E.125

Sec. 21. **REPEALER.**

(a) Minnesota Statutes 2022, sections 216E.08, subdivisions 1 and 4; 216F.01, subdivision 1; 216F.012; 216F.015; and 216F.03, are repealed.

(b) Minnesota Statutes 2023 Supplement, section 216F.04, is repealed.

(c) Minnesota Rules, parts 7850.2400; and 7850.3600, are repealed.

EFFECTIVE DATE. This section is effective September 1, 2024, and applies to site and route applications filed with the commission on or after that date.

ARTICLE 5
SOLAR ENERGY

Section 1. [216C.48] STANDARDIZED SOLAR PLAN REVIEW SOFTWARE; TECHNICAL ASSISTANCE; FINANCIAL INCENTIVE.

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

(b) "Energy storage system" has the meaning given in section 216B.2422, subdivision 1.

(c) "Permitting authority" means a unit of local government in Minnesota that has authority to review and issue permits to install residential solar projects and solar plus energy storage system projects within the unit of local government's jurisdiction.

(d) "Photovoltaic device" has the meaning given in section 216C.06, subdivision 16.

(e) "Residential solar project" means the installation of a photovoltaic device at a residence located in Minnesota.

(f) "SolarAPP+" means the most recent version of the Solar Automated Permit Processing Plus software, developed by the National Renewable Energy Laboratory and available free to permitting authorities from the United States Department of Energy, that uses a web-based portal to automate the solar project plan review and permit issuance processes for residential solar projects that are compliant with applicable building and electrical codes.

(g) "Solar plus energy storage system project" means a residential solar project installed in conjunction with an energy storage system at the same residence.

Subd. 2. **Program establishment.** A program is established in the department to provide technical assistance and financial incentives to local units of government that issue permits for residential solar projects and solar plus energy storage system projects in order to incentivize a permitting authority to adopt the SolarAPP+ software to standardize, automate, and streamline the review and permitting process.

Subd. 3. **Eligibility.** An incentive may be awarded under this section to a permitting authority that has deployed SolarAPP+ and made SolarAPP+ available on the permitting authority's website.

Subd. 4. **Application.** (a) A permitting authority must submit an application for a financial incentive under this section to the commissioner on a form developed by the commissioner.

(b) An application may be submitted for a financial incentive under this section after SolarAPP+ has become operational in the permitting authority's jurisdiction.

Subd. 5. **Review and grant award process.** The commissioner must develop administrative procedures to govern the application review and incentive award process under this section.

Subd. 6. **Incentive awards.** Beginning no later than January 1, 2025, the commissioner may award a financial incentive to a permitting authority under this section only if the commissioner has determined that the permitting authority meets verification requirements established by the commissioner that ensure a permitting authority has made SolarAPP+ operational within the permitting authority's jurisdiction and that SolarAPP+ is available on the permitting authority's website.

Subd. 7. **Incentive amount.** (a) An incentive awarded under this section must be no less than \$5,000 and no greater than \$20,000.

(b) The commissioner may vary the amount of an incentive awarded under this section by considering the following factors:

(1) the population of the permitting authority;

(2) the number of permits for solar projects issued by the permitting authority using conventional review processes;

(3) whether the SolarAPP+ software has been adopted on a stand-alone basis or has been integrated with other permit management software utilized by the permitting authority; and

(4) whether the permitting jurisdiction has participated in other sustainability programs, including but not limited to GreenStep Cities and the United States Department of Energy's SolSmart and Charging Smart programs.

Subd. 8. **Technical assistance.** The department must provide technical assistance to eligible permitting authorities seeking to apply for an incentive under this section.

Subd. 9. **Program promotion.** The department must develop an education and outreach program to make permitting authorities aware of the incentive offered under this section, including by convening workshops, producing educational materials, and using other mechanisms to promote the program, including but not limited to utilizing the efforts of the League of Minnesota Cities, the Association of Minnesota Counties, the Community Energy Resource Teams established under section 216C.385, and similar organizations to reach permitting authorities.

Subd. 10. **Account established.** (a) The SolarAPP+ program account is established in the special revenue account in the state treasury. The commissioner must credit to the account appropriations and transfers to the account. Earnings, including interest, dividends, and any other earnings arising from assets of the account, must be credited to the account. Money remaining in the account at the end of a fiscal year does not cancel to the general fund but remains in the account until July 1, 2027. The commissioner must manage the account.

(b) Money in the account is appropriated to the commissioner for the purposes of this section and to reimburse the reasonable costs incurred by the department to administer this section.

Sec. 2. **INTERCONNECTION DOCKET; PUBLIC UTILITIES COMMISSION.**

(a) No later than September 1, 2024, the commission must initiate a proceeding to establish by order generic standards for the sharing of utility costs necessary to upgrade a utility's distribution system by increasing hosting capacity or applying other necessary distribution system upgrades at a congested or constrained location in order to allow for the interconnection of distributed generation facilities at the congested or constrained location and to advance the achievement of the state's renewable and carbon-free energy goals in Minnesota Statutes, section 216B.1691 and greenhouse gas emissions reduction goals in Minnesota Statutes, section 216H.02. The tariff standards must reflect an interconnection process designed to, at a minimum:

(1) accelerate the expansion of hosting capacity at multiple points on a utility's distribution system by ensuring that the cost of upgrades is shared fairly among owners of distributed generation projects seeking interconnection on a pro rata basis according to the amount of the expanded capacity utilized by each interconnected distributed generation facility;

(2) reduce the capital burden on owners of distributed generation facilities seeking interconnection;

(3) establish a minimum level of upgrade costs an expansion of hosting capacity must reach in order to be eligible to participate in the cost-share process and below which a trigger project must bear the full cost of the upgrade;

(4) establish a distributed generation facility's pro rata cost-share amount as the utility's total cost of the upgrade divided by the incremental capacity resulting from the upgrade, and multiplying the result by the nameplate capacity of the distributed generation facility seeking interconnection;

(5) allow, upon the commission's approval, other utility cost-sharing programs to contribute toward a distributed generation facility's pro rata cost-share amount under clause (4);

(6) establish a minimum proportion of the total upgrade cost that a utility must receive from one or more distributed generation facilities before initiating constructing an upgrade;

(7) allow trigger projects and any other distributed generation facilities to pay a utility more than the trigger project's or distributed generation facility's pro rata cost-share amount only if needed to meet the minimum threshold established in clause (6) and to receive refunds for amounts paid beyond the trigger project's or distributed generation facility's pro rata share of expansion costs from distributed generation projects that subsequently interconnect at the applicable location;

(8) prohibit owners of distributed generation facilities from using any unsubscribed capacity at an interconnection that has undergone an upgrade without the distributed generation owners paying the distributed generation owner's pro rata cost of the upgrade; and

(9) limit the amount of unrecovered cost associated with upgraded capacity that is not used by a participating distributed generation facility that may be allocated to ratepayers.

(b) For the purposes of this section, the following terms have the meanings given:

(1) "distributed generation project" means an energy generating system with a capacity no greater than ten megawatts;

(2) "hosting capacity" means the maximum capacity of a utility distribution system to transport electricity at a specific location without compromising the safety or reliability of the distribution system;

(3) "trigger project" means the initial distributed generation project whose application for interconnection of a distributed generation project alerts a utility that an upgrade is needed in order to accommodate the trigger project and any future interconnections at the applicable location;

(4) "upgrade" means a modification of a utility's distribution system at a specific location that is necessary to allow the interconnection of distributed generation projects by increasing hosting capacity at the applicable location, including but not limited to installing or modifying equipment at a substation or along a distribution line. Upgrade does not mean an expansion of hosting capacity dedicated solely to the interconnection of a single distributed generation project; and

(5) "utility" means a public utility, as defined in Minnesota Statutes, section 216B.02, subdivision 4, that provides electric service.

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

Sec. 3. **POSITION ESTABLISHED; PUBLIC UTILITIES COMMISSION.**

Subdivision 1. Position; duties. (a) The Public Utilities Commission's Consumer Affairs Office must establish a new full-time equivalent interconnection ombudsperson position to assist applicants seeking to interconnect distributed generation projects to utility distribution systems under the generic statewide standards developed by the commission under section 2. The Public Utilities Commission must (1) appoint a person to the position who possesses mediation skills and technical expertise related to interconnection and interconnection procedures, and (2) authorize the person to request and review all interconnection data from utilities and applicants that are necessary to fulfill the duties of the position described in this subdivision.

(b) The duties of the interconnection ombudsperson include but are not limited to:

(1) tracking interconnection disputes between applicants and utilities;

(2) facilitating the efficient and fair resolution of disputes between customers seeking to interconnect and utilities;

(3) reviewing utility interconnection policies to assess opportunities to reduce interconnection disputes, while considering the equitable distribution of distributed generation facilities;

(4) convening stakeholder groups as necessary to facilitate effective communication among interconnection stakeholders; and

(5) preparing reports that detail the number, type, resolution timelines, and outcome of interconnection disputes.

(c) A utility must provide information requested under this section that the interconnection ombudsperson determines is necessary to effectively carry out the duties of the position.

Subd. 2. Definition. For the purposes of this section, "utility" means a public utility, as defined in Minnesota Statutes, section 216B.02, subdivision 4, that provides electric service.

Subd. 3. Position; funding. (a) A utility must assess and collect a surcharge of \$50 on each application interconnection filed by an owner of a distributed generation facility located in Minnesota. A utility must remit the full surcharge to the Public Utilities Commission monthly, in a manner determined by the Public Utilities Commission, for each interconnection application filed with the utility during the previous month.

(b) The interconnection ombudsperson account is established in the special revenue account in the state treasury. The Public Utilities Commission must manage the account. The Public Utilities Commission must deposit in the account all revenues received from utilities from the surcharge on interconnection applications established under this section. Money is appropriated from the account to the Public Utilities Commission for the sole purpose of funding the ombudsperson position established in subdivision 1.

(c) The Public Utilities Commission must review the amount of revenues collected from the surcharge each year and may adjust the level of the surcharge as necessary to ensure (1) sufficient money is available to support the position, and (2) the reserve in the account does not reach more than ten percent of the amount necessary to fully fund the position.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to applications for interconnections filed with a utility on or after that date.

ARTICLE 6
MISCELLANEOUS

Section 1. Minnesota Statutes 2023 Supplement, section 116C.779, subdivision 1, is amended to read:

Subdivision 1. **Renewable development account.** (a) The renewable development account is established as a separate account in the special revenue fund in the state treasury. Appropriations and transfers to the account shall be credited to the account. Earnings, such as interest, dividends, and any other earnings arising from assets of the account, shall be credited to the account. Funds remaining in the account at the end of a fiscal year are not canceled to the general fund but remain in the account until expended. The account shall be administered by the commissioner of management and budget as provided under this section.

(b) On July 1, 2017, the public utility that owns the Prairie Island nuclear generating plant must transfer all funds in the renewable development account previously established under this subdivision and managed by the public utility to the renewable development account established in paragraph (a). Funds awarded to grantees in previous grant cycles that have not yet been expended and unencumbered funds required to be paid in calendar year 2017 under paragraphs (f) and (g), and sections 116C.7792 and 216C.41, are not subject to transfer under this paragraph.

(c) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing each January 15 thereafter, the public utility that owns the Prairie Island nuclear generating plant must transfer to the renewable development account \$500,000 each year for each dry cask containing spent fuel that is located at the Prairie Island power plant for each year the plant is in operation, and \$7,500,000 each year the plant is not in operation if ordered by the commission pursuant to paragraph (i). The fund transfer must be made if nuclear waste is stored in a dry cask at the independent spent-fuel storage facility at Prairie Island for any part of a year. The total amount transferred annually under this paragraph must be reduced by \$3,750,000.

(d) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing each January 15 thereafter, the public utility that owns the Monticello nuclear generating plant must transfer to the renewable development account \$350,000 each year for each dry cask containing spent fuel that is located at the Monticello nuclear power plant for each year the plant is in operation, and \$5,250,000 each year the plant is not in operation if ordered by the commission pursuant to paragraph (i). The fund transfer must be made if nuclear waste is stored in a dry cask at the independent spent-fuel storage facility at Monticello for any part of a year.

(e) Each year, the public utility shall withhold from the funds transferred to the renewable development account under paragraphs (c) and (d) the amount necessary to pay its obligations under paragraphs (f) and (g), and sections 116C.7792 and 216C.41, for that calendar year.

(f) If the commission approves a new or amended power purchase agreement, the termination of a power purchase agreement, or the purchase and closure of a facility under section 216B.2424, subdivision 9, with an entity that uses poultry litter to generate electricity, the public utility subject to this section shall enter into a contract with the city in which the poultry litter plant is located to provide grants to the city for the purposes of economic development on the following schedule: \$4,000,000 in fiscal year 2018; \$6,500,000 each fiscal year in 2019 and 2020; and \$3,000,000 in fiscal year 2021. The grants shall be paid by the public utility from funds withheld from the transfer to the renewable development account, as provided in paragraphs (b) and (e).

(g) If the commission approves a new or amended power purchase agreement, or the termination of a power purchase agreement under section 216B.2424, subdivision 9, with an entity owned or controlled, directly or indirectly, by two municipal utilities located north of Constitutional Route No. 8, that was previously used to meet the biomass mandate in section 216B.2424, the public utility that owns a nuclear generating plant shall enter into a grant contract with such entity to provide \$6,800,000 per year for five years, commencing 30 days after the

commission approves the new or amended power purchase agreement, or the termination of the power purchase agreement, and on each June 1 thereafter through 2021, to assist the transition required by the new, amended, or terminated power purchase agreement. The grant shall be paid by the public utility from funds withheld from the transfer to the renewable development account as provided in paragraphs (b) and (e).

(h) The collective amount paid under the grant contracts awarded under paragraphs (f) and (g) is limited to the amount deposited into the renewable development account, and its predecessor, the renewable development account, established under this section, that was not required to be deposited into the account under Laws 1994, chapter 641, article 1, section 10.

(i) After discontinuation of operation of the Prairie Island nuclear plant or the Monticello nuclear plant and each year spent nuclear fuel is stored in dry cask at the discontinued facility, the commission shall require the public utility to pay \$7,500,000 for the discontinued Prairie Island facility and \$5,250,000 for the discontinued Monticello facility for any year in which the commission finds, by the preponderance of the evidence, that the public utility did not make a good faith effort to remove the spent nuclear fuel stored at the facility to a permanent or interim storage site out of the state. This determination shall be made at least every two years.

(j) Funds in the account may be expended only for any of the following purposes:

(1) to stimulate research and development of renewable electric energy technologies;

(2) to encourage grid modernization, including, but not limited to, projects that implement electricity storage, load control, and smart meter technology; and

(3) to stimulate other innovative energy projects that reduce demand and increase system efficiency and flexibility.

Expenditures from the fund must benefit Minnesota ratepayers receiving electric service from the utility that owns a nuclear-powered electric generating plant in this state or the Prairie Island Indian community or its members.

The utility that owns a nuclear generating plant is eligible to apply for grants under this subdivision.

(k) For the purposes of paragraph (j), the following terms have the meanings given:

(1) "renewable" has the meaning given in section 216B.2422, subdivision 1, paragraph (c), clauses (1), (2), (4), and (5); and

(2) "grid modernization" means:

(i) enhancing the reliability of the electrical grid;

(ii) improving the security of the electrical grid against cyberthreats and physical threats; and

(iii) increasing energy conservation opportunities by facilitating communication between the utility and its customers through the use of two-way meters, control technologies, energy storage and microgrids, technologies to enable demand response, and other innovative technologies.

(l) A renewable development account advisory group that includes, among others, representatives of the public utility and its ratepayers, and includes at least one representative of the Prairie Island Indian community appointed by that community's tribal council, shall develop recommendations on account expenditures. The advisory group must design a request for proposal and evaluate projects submitted in response to a request for proposals. The

advisory group must utilize an independent third-party expert to evaluate proposals submitted in response to a request for proposal, including all proposals made by the public utility. A request for proposal for research and development under paragraph (j), clause (1), may be limited to or include a request to higher education institutions located in Minnesota for multiple projects authorized under paragraph (j), clause (1). The request for multiple projects may include a provision that exempts the projects from the third-party expert review and instead provides for project evaluation and selection by a merit peer review grant system. In the process of determining request for proposal scope and subject and in evaluating responses to request for proposals, the advisory group must strongly consider, where reasonable:

- (1) potential benefit to Minnesota citizens and businesses and the utility's ratepayers; and
- (2) the proposer's commitment to increasing the diversity of the proposer's workforce and vendors.

(m) The advisory group shall submit funding recommendations to the public utility, which has full and sole authority to determine which expenditures shall be submitted by the advisory group to the legislature. The commission may approve proposed expenditures, may disapprove proposed expenditures that it finds not to be in compliance with this subdivision or otherwise not in the public interest, and may, if agreed to by the public utility, modify proposed expenditures. The commission shall, by order, submit its funding recommendations to the legislature as provided under paragraph (n).

(n) The commission shall present its recommended appropriations from the account to the senate and house of representatives committees with jurisdiction over energy policy and finance annually by February 15. Expenditures from the account must be appropriated by law. In enacting appropriations from the account, the legislature:

(1) may approve or disapprove, but may not modify, the amount of an appropriation for a project recommended by the commission; and

- (2) may not appropriate money for a project the commission has not recommended funding.

(o) A request for proposal for renewable energy generation projects must, when feasible and reasonable, give preference to projects that are most cost-effective for a particular energy source.

(p) The advisory group must annually, by February 15, report to the chairs and ranking minority members of the legislative committees with jurisdiction over energy policy on projects funded by the account for the prior year and all previous years. The report must, to the extent possible and reasonable, itemize the actual and projected financial benefit to the public utility's ratepayers of each project.

~~(q) By February 1, 2018, and each February 1 thereafter, the commissioner of management and budget shall submit a written report regarding the availability of funds in and obligations of the account to the chairs and ranking minority members of the senate and house committees with jurisdiction over energy policy and finance, the public utility, and the advisory group.~~

⊕ (q) A project receiving funds from the account must produce a written final report that includes sufficient detail for technical readers and a clearly written summary for nontechnical readers. The report must include an evaluation of the project's financial, environmental, and other benefits to the state and the public utility's ratepayers. A project receiving funds from the account must submit a report that meets the requirements of section 216C.51, subdivisions 3 and 4, each year the project funded by the account is in progress.

⊕ (r) Final reports, any mid-project status reports, and renewable development account financial reports must be posted online on a public website designated by the commissioner of commerce.

(+) (s) All final reports must acknowledge that the project was made possible in whole or part by the Minnesota renewable development account, noting that the account is financed by the public utility's ratepayers.

(+) (t) Of the amount in the renewable development account, priority must be given to making the payments required under section 216C.417.

(+) (u) Construction projects receiving funds from this account are subject to the requirement to pay the prevailing wage rate, as defined in section 177.42 and the requirements and enforcement provisions in sections 177.27, 177.30, 177.32, 177.41 to 177.435, and 177.45.

Sec. 2. Minnesota Statutes 2022, section 216B.16, subdivision 6c, is amended to read:

Subd. 6c. **Incentive plan for energy conservation and efficient fuel-switching improvement.** (a) The commission may order public utilities to develop and submit for commission approval incentive plans that describe the method of recovery and accounting for utility conservation and efficient fuel-switching expenditures and savings. The commission must develop and implement incentive plans designed to promote energy conservation separately from plans designed to promote efficient fuel-switching. In developing the incentive plans the commission shall ensure the effective involvement of interested parties.

(b) In approving incentive plans, the commission shall consider:

(1) whether the plan is likely to increase utility investment in cost-effective energy conservation or efficient fuel switching;

(2) whether the plan is compatible with the interest of utility ratepayers and other interested parties;

(3) whether the plan links the incentive to the utility's performance in achieving cost-effective conservation or efficient fuel switching; ~~and~~

(4) whether the plan is in conflict with other provisions of this chapter;

(5) whether the plan conflicts with other provisions of this chapter; and

(6) the likely financial impacts of the incentive plans on the utility.

(c) The commission may set rates to encourage the vigorous and effective implementation of utility conservation and efficient fuel-switching programs. The commission may:

(1) increase or decrease any otherwise allowed rate of return on net investment based upon the utility's skill, efforts, and success in ~~conserving~~ improving the efficient use of energy through energy conservation or efficient fuel switching;

(2) share between ratepayers and utilities the net savings resulting from energy conservation and efficient fuel-switching programs to the extent justified by the utility's skill, efforts, and success in ~~conserving~~ improving the efficient use of energy; and

(3) adopt any mechanism that satisfies the criteria of this subdivision, such that implementation of cost-effective conservation or efficient fuel switching is a preferred resource choice for the public utility considering the impact of conservation or efficient fuel switching on earnings of the public utility.

(d) Any incentives offered to electric utilities under this subdivision for efficient-fuel switching projects expire December 31, 2032.

Sec. 3. Minnesota Statutes 2022, section 216B.2402, is amended by adding a subdivision to read:

Subd. 3a. Data mining facility. "Data mining facility" means all buildings, structures, equipment, and installations at a single site where electricity is used primarily by computers to process transactions involving digital currency that is not issued by a central authority.

Sec. 4. Minnesota Statutes 2022, section 216B.2402, subdivision 4, is amended to read:

Subd. 4. Efficient fuel-switching improvement. "Efficient fuel-switching improvement" means a project that:

(1) replaces a fuel used by a customer with electricity or natural gas delivered at retail by a utility subject to section 216B.2403 or 216B.241;

(2) results in a net increase in the use of electricity or natural gas and a net decrease in source energy consumption on a fuel-neutral basis;

(3) otherwise meets the criteria established for consumer-owned utilities in section 216B.2403, subdivision 8, and for public utilities under section 216B.241, subdivisions 11 and 12; and

(4) requires the installation of equipment that utilizes electricity or natural gas, resulting in a reduction or elimination of the previous fuel used.

An efficient fuel-switching improvement is not an energy conservation improvement or energy efficiency even if the efficient fuel-switching improvement results in a net reduction in electricity or natural gas use. ~~An efficient fuel-switching improvement does not include, and must not count toward any energy savings goal from, energy conservation improvements when fuel-switching would result in an increase of greenhouse gas emissions into the atmosphere on an annual basis.~~

Sec. 5. Minnesota Statutes 2022, section 216B.2402, subdivision 10, is amended to read:

Subd. 10. Gross annual retail energy sales. "Gross annual retail energy sales" means a utility's annual electric sales to all Minnesota retail customers, or natural gas throughput to all retail customers, including natural gas transportation customers, on a utility's distribution system in Minnesota. Gross annual retail energy sales does not include:

(1) gas sales to:

(i) a large energy facility;

(ii) a large customer facility whose natural gas utility has been exempted by the commissioner under section 216B.241, subdivision 1a, paragraph (a), with respect to natural gas sales made to the large customer facility; and

(iii) a commercial gas customer facility whose natural gas utility has been exempted by the commissioner under section 216B.241, subdivision 1a, paragraph (b), with respect to natural gas sales made to the commercial gas customer facility;

(2) electric sales to:

(i) a large customer facility whose electric utility has been exempted by the commissioner under section 216B.241, subdivision 1a, paragraph (a), with respect to electric sales made to the large customer facility; ~~or~~ and

(ii) a data mining facility, if the facility:

(A) has provided a signed letter to the utility verifying the facility meets the definition of a data mining facility; and

(B) imposes a peak electrical demand on a consumer-owned utility's system equal to or greater than 40 percent of the peak electrical demand of the system, measured in the same manner as the utility that serves the customer facility measures electric demand for billing purposes; or

(3) the amount of electric sales prior to December 31, 2032, that are associated with a utility's program, rate, or tariff for electric vehicle charging based on a methodology and assumptions developed by the department in consultation with interested stakeholders no later than December 31, 2021. After December 31, 2032, incremental sales to electric vehicles must be included in calculating a public utility's gross annual retail sales.

Sec. 6. Minnesota Statutes 2022, section 216B.2403, subdivision 2, is amended to read:

Subd. 2. **Consumer-owned utility; energy-savings goal.** (a) Each individual consumer-owned electric utility subject to this section has an annual energy-savings goal equivalent to 1.5 percent of gross annual retail energy sales and each individual consumer-owned natural gas utility subject to this section has an annual energy-savings goal equivalent to one percent of gross annual retail energy sales, to be met with a minimum of energy savings from energy conservation improvements equivalent to at least ~~0.95~~ 0.90 percent of the consumer-owned utility's gross annual retail energy sales. The balance of energy savings toward the annual energy-savings goal may be achieved only by the following consumer-owned utility activities:

(1) energy savings from additional energy conservation improvements;

(2) electric utility infrastructure projects, as defined in section 216B.1636, subdivision 1, that result in increased efficiency greater than would have occurred through normal maintenance activity;

(3) net energy savings from efficient fuel-switching improvements that meet the criteria under subdivision 8, which may contribute up to ~~0.55~~ 0.60 percent of the goal; or

(4) subject to department approval, demand-side natural gas or electric energy displaced by use of waste heat recovered and used as thermal energy, including the recovered thermal energy from a cogeneration or combined heat and power facility.

(b) The energy-savings goals specified in this section must be calculated based on weather-normalized sales averaged over the most recent three years. A consumer-owned utility may elect to carry forward energy savings in excess of 1.5 percent for a year to the next three years, except that energy savings from electric utility infrastructure projects may be carried forward for five years. A particular energy savings can only be used to meet one year's goal.

(c) A consumer-owned utility subject to this section is not required to make energy conservation improvements that are not cost-effective, even if the improvement is necessary to attain the energy-savings goal. A consumer-owned utility subject to this section must make reasonable efforts to implement energy conservation improvements that exceed the minimum level established under this subdivision if cost-effective opportunities and funding are available, considering other potential investments the consumer-owned utility intends to make to benefit customers during the term of the plan filed under subdivision 3.

~~(d) Notwithstanding any provision to the contrary, until July 1, 2026, spending by a consumer owned utility subject to this section on efficient fuel switching improvements implemented to meet the annual energy savings goal under this section must not exceed 0.55 percent per year, averaged over a three year period, of the consumer owned utility's gross annual retail energy sales.~~

Sec. 7. Minnesota Statutes 2022, section 216B.2403, subdivision 3, is amended to read:

Subd. 3. **Consumer-owned utility; energy conservation and optimization plans.** (a) By June 1, 2022, and at least every three years thereafter, each consumer-owned utility must file with the commissioner an energy conservation and optimization plan that describes the programs for energy conservation, efficient fuel-switching, load management, and other measures the consumer-owned utility intends to offer to achieve the utility's energy savings goal.

(b) A plan's term may extend up to three years. A multiyear plan must identify the total energy savings and energy savings resulting from energy conservation improvements that are projected to be achieved in each year of the plan. A multiyear plan that does not, in each year of the plan, meet both the minimum energy savings goal from energy conservation improvements and the total energy savings goal of 1.5 percent, or lower goals adjusted by the commissioner under paragraph (k), must:

(1) state why each goal is projected to be unmet; and

(2) demonstrate how the consumer-owned utility proposes to meet both goals on an average basis over the duration of the plan.

(c) A plan filed under this subdivision must provide:

(1) for existing programs, an analysis of the cost-effectiveness of the consumer-owned utility's programs offered under the plan, using a list of baseline energy- and capacity-savings assumptions developed in consultation with the department; and

(2) for new programs, a preliminary analysis upon which the program will proceed, in parallel with further development of assumptions and standards.

(d) The commissioner must evaluate a plan filed under this subdivision based on the plan's likelihood to achieve the energy-savings goals established in subdivision 2. The commissioner may make recommendations to a consumer-owned utility regarding ways to increase the effectiveness of the consumer-owned utility's energy conservation activities and programs under this subdivision. The commissioner may recommend that a consumer-owned utility implement a cost-effective energy conservation or efficient fuel-switching program, ~~including an energy conservation program~~ suggested by an outside source such as a political subdivision, nonprofit corporation, or community organization.

(e) Beginning June 1, 2023, and every June 1 thereafter, each consumer-owned utility must file: (1) an annual update identifying the status of the plan filed under this subdivision, including: (i) total expenditures and investments made to date under the plan; and (ii) any intended changes to the plan; and (2) a summary of the annual energy-savings achievements under a plan. An annual filing made in the last year of a plan must contain a new plan that complies with this section.

(f) When evaluating the cost-effectiveness of a consumer-owned utility's energy conservation programs, the consumer-owned utility and the commissioner must consider the costs and benefits to ratepayers, the utility, participants, and society. The commissioner must also consider the rate at which the consumer-owned utility is increasing energy savings and expenditures on energy conservation, and lifetime energy savings and cumulative energy savings.

(g) A consumer-owned utility may annually spend and invest up to ten percent of the total amount spent and invested on energy conservation, efficient fuel-switching, or load management improvements on research and development projects that meet the applicable definition of energy conservation, efficient fuel-switching, or load management improvement.

(h) A generation and transmission cooperative electric association or municipal power agency that provides energy services to consumer-owned utilities may file a plan under this subdivision on behalf of the consumer-owned utilities to which the association or agency provides energy services and may make investments, offer conservation programs, and otherwise fulfill the energy-savings goals and reporting requirements of this subdivision for those consumer-owned utilities on an aggregate basis.

(i) A consumer-owned utility is prohibited from spending for or investing in energy conservation improvements that directly benefit a large energy facility or a large electric customer facility the commissioner has exempted under section 216B.241, subdivision 1a.

(j) The energy conservation and optimization plan of a consumer-owned utility may include activities to improve energy efficiency in the public schools served by the utility. These activities may include programs to:

(1) increase the efficiency of the school's lighting and heating and cooling systems;

(2) recommission buildings;

(3) train building operators; and

(4) provide opportunities to educate students, teachers, and staff regarding energy efficiency measures implemented at the school.

(k) A consumer-owned utility may request that the commissioner adjust the consumer-owned utility's minimum goal for energy savings from energy conservation improvements under subdivision 2, paragraph (a), for the duration of the plan filed under this subdivision. The request must be made by January 1 of the year when the consumer-owned utility must file a plan under this subdivision. The request must be based on:

(1) historical energy conservation improvement program achievements;

(2) customer class makeup;

(3) projected load growth;

(4) an energy conservation potential study that estimates the amount of cost-effective energy conservation potential that exists in the consumer-owned utility's service territory;

(5) the cost-effectiveness and quality of the energy conservation programs offered by the consumer-owned utility; and

(6) other factors the commissioner and consumer-owned utility determine warrant an adjustment.

The commissioner must adjust the energy savings goal to a level the commissioner determines is supported by the record, but must not approve a minimum energy savings goal from energy conservation improvements that is less than an average of 0.95 percent per year over the consecutive years of the plan's duration, including the year the minimum energy savings goal is adjusted.

(l) A consumer-owned utility filing a conservation and optimization plan that includes an efficient fuel-switching program ~~to achieve the utility's energy savings goal~~ must, as part of the filing, demonstrate ~~by a comparison of greenhouse gas emissions between the fuels that the requirements of subdivision 8 are met, using a full fuel cycle energy analysis.~~

Sec. 8. Minnesota Statutes 2022, section 216B.2403, subdivision 5, is amended to read:

Subd. 5. **Energy conservation programs for low-income households.** (a) A consumer-owned utility subject to this section must provide energy conservation programs to low-income households. The commissioner must evaluate a consumer-owned utility's plans under this section by considering the consumer-owned utility's historic spending on energy conservation programs directed to low-income households, the rate of customer participation in and the energy savings resulting from those programs, and the number of low-income persons residing in the consumer-owned utility's service territory. A municipal utility that furnishes natural gas service must spend at least 0.2 percent of the municipal utility's most recent three-year average gross operating revenue from residential customers in Minnesota on energy conservation programs for low-income households. A consumer-owned utility that furnishes electric service must spend at least 0.2 percent of the consumer-owned utility's gross operating revenue from residential customers in Minnesota on energy conservation programs for low-income households. The requirement under this paragraph applies to each generation and transmission cooperative association's aggregate gross operating revenue from the sale of electricity to residential customers in Minnesota by all of the association's member distribution cooperatives.

(b) To meet all or part of the spending requirements of paragraph (a), a consumer-owned utility may contribute money to the energy and conservation account established in section 216B.241, subdivision 2a. An energy conservation optimization plan must state the amount of contributions the consumer-owned utility plans to make to the energy and conservation account. Contributions to the account must be used for energy conservation programs serving low-income households, including renters, located in the service area of the consumer-owned utility making the contribution. Contributions must be remitted to the commissioner by February 1 each year.

(c) The commissioner must establish energy conservation programs for low-income households funded through contributions to the energy and conservation account under paragraph (b). When establishing energy conservation programs for low-income households, the commissioner must consult political subdivisions, utilities, and nonprofit and community organizations, including organizations providing energy and weatherization assistance to low-income households. The commissioner must record and report expenditures and energy savings achieved as a result of energy conservation programs for low-income households funded through the energy and conservation account in the report required under section 216B.241, subdivision 1c, paragraph (f). The commissioner may contract with a political subdivision, nonprofit or community organization, public utility, municipality, or consumer-owned utility to implement low-income programs funded through the energy and conservation account.

(d) A consumer-owned utility may petition the commissioner to modify the required spending under this subdivision if the consumer-owned utility and the commissioner were unable to expend the amount required for three consecutive years.

(e) The commissioner must develop and establish guidelines for determining the eligibility of multifamily buildings to participate in energy conservation programs provided to low-income households. Notwithstanding the definition of low-income household in section 216B.2402, a consumer-owned utility or association may apply the most recent guidelines published by the department for purposes of determining the eligibility of multifamily buildings to participate in low-income programs. The commissioner must convene a stakeholder group to review and update these guidelines by August 1, 2021, and at least once every five years thereafter. The stakeholder group must include but is not limited to representatives of public utilities; municipal electric or gas utilities; electric cooperative associations; multifamily housing owners and developers; and low-income advocates.

(f) Up to 15 percent of a consumer-owned utility's spending on low-income energy conservation programs may be spent on preweatherization measures. A consumer-owned utility is prohibited from claiming energy savings from preweatherization measures toward the consumer-owned utility's energy savings goal.

(g) The commissioner must, by order, establish a list of preweatherization measures eligible for inclusion in low-income energy conservation programs no later than March 15, 2022.

(h) A Healthy AIR (Asbestos Insulation Removal) account is established as a separate account in the special revenue fund in the state treasury. A consumer-owned utility may elect to contribute money to the Healthy AIR account to provide preweatherization measures for households eligible for weatherization assistance from the state weatherization assistance program in section 216C.264. Remediation activities must be executed in conjunction with federal weatherization assistance program services. Money contributed to the account by a consumer-owned utility counts toward: (1) the minimum low-income spending requirement under paragraph (a); and (2) the cap on preweatherization measures under paragraph (f). Money in the account is annually appropriated to the commissioner of commerce to pay for Healthy AIR-related activities.

(i) This paragraph applies to a consumer-owned utility that supplies electricity to a low-income household whose primary heating fuel is supplied by an entity other than a public utility. Any spending on space and water heating energy conservation improvements and efficient fuel-switching by the consumer-owned utility on behalf of the low-income household may be applied to the consumer owned utility's spending requirement in paragraph (a). To the maximum extent possible, a consumer-owned utility providing services under this paragraph must offer the services in conjunction with weatherization services provided under section 216C.264.

Sec. 9. Minnesota Statutes 2022, section 216B.2403, subdivision 8, is amended to read:

Subd. 8. **Criteria for efficient fuel-switching improvements.** (a) A fuel-switching improvement is deemed efficient if, applying the technical criteria established under section 216B.241, subdivision 1d, paragraph (e), the improvement, relative to the fuel being displaced:

(1) results in a net reduction in the amount of source energy consumed for a particular use, measured on a fuel-neutral basis, using (i) the consumer-owned utility's or the utility's electricity supplier's annual system average efficiency, or (ii) if the utility elects, a seasonal, monthly, or more granular level of analysis for the electric utility system over the measure's life;

(2) results in a net reduction of statewide greenhouse gas emissions, as defined in section 216H.01, subdivision 2, over the lifetime of the improvement. For an efficient fuel-switching improvement installed by an electric consumer-owned utility, the reduction in emissions must be measured ~~based on the hourly emissions profile of the consumer owned utility or the utility's electricity supplier, as reported in the most recent resource plan approved by the commission under section 216B.2422. If the hourly emissions profile is not available, the commissioner must develop a method consumer owned utilities must use to estimate that value~~ using (i) the consumer-owned utility's or the utility's electricity supplier's annual average emissions factor, or (ii) if the utility elects, a seasonal, monthly, or more granular level of analysis for the electric utility system over the measure's life; and

(3) is cost-effective, considering the costs and benefits from the perspective of the consumer-owned utility, participants, and society; ~~and~~

~~(4) is installed and operated in a manner that improves the consumer owned utility's system load factor.~~

(b) For purposes of this subdivision, "source energy" means the total amount of primary energy required to deliver energy services, adjusted for losses in generation, transmission, and distribution, and expressed on a fuel-neutral basis.

Sec. 10. Minnesota Statutes 2022, section 216B.241, subdivision 1c, is amended to read:

Subd. 1c. **Public utility; energy-saving goals.** (a) The commissioner shall establish energy-saving goals for energy conservation improvements and shall evaluate an energy conservation improvement program on how well it meets the goals set.

(b) A public utility providing electric service has an annual energy-savings goal equivalent to 1.75 percent of gross annual retail energy sales unless modified by the commissioner under paragraph (c). A public utility providing natural gas service has an annual energy-savings goal equivalent to one percent of gross annual retail energy sales, which cannot be lowered by the commissioner. The savings goals must be calculated based on the most recent three-year weather-normalized average. A public utility providing electric service may elect to carry forward energy savings in excess of 1.75 percent for a year to the succeeding three calendar years, except that savings from electric utility infrastructure projects allowed under paragraph (d) may be carried forward for five years. A public utility providing natural gas service may elect to carry forward energy savings in excess of one percent for a year to the succeeding three calendar years. A particular energy savings can only be used to meet one year's goal.

(c) In its energy conservation and optimization plan filing, a public utility may request the commissioner to adjust its annual energy-savings percentage goal based on its historical conservation investment experience, customer class makeup, load growth, a conservation potential study, or other factors the commissioner determines warrants an adjustment.

(d) The commissioner may not approve a plan of a public utility that provides for an annual energy-savings goal of less than one percent of gross annual retail energy sales from energy conservation improvements.

The balance of the 1.75 percent annual energy savings goal may be achieved through energy savings from:

- (1) additional energy conservation improvements;
- (2) electric utility infrastructure projects approved by the commission under section 216B.1636 that result in increased efficiency greater than would have occurred through normal maintenance activity; or
- (3) subject to department approval, demand-side natural gas or electric energy displaced by use of waste heat recovered and used as thermal energy, including the recovered thermal energy from a cogeneration or combined heat and power facility.

(e) A public utility is not required to make energy conservation investments to attain the energy-savings goals of this subdivision that are not cost-effective even if the investment is necessary to attain the energy-savings goals. For the purpose of this paragraph, in determining cost-effectiveness, the commissioner shall consider: (1) the costs and benefits to ratepayers, the utility, participants, and society; (2) the rate at which a public utility is increasing both its energy savings and its expenditures on energy conservation; and (3) the public utility's lifetime energy savings and cumulative energy savings.

(f) On an annual basis, the commissioner shall produce and make publicly available a report on the annual energy and capacity savings and estimated carbon dioxide reductions achieved by the programs under this section and section 216B.2403 for the two most recent years for which data is available. The report must also include information regarding any annual energy sales or generation capacity increases resulting from efficient fuel-switching improvements. The commissioner shall report on program performance both in the aggregate and for each entity filing an energy conservation improvement plan for approval or review by the commissioner, and must estimate progress made toward the statewide energy-savings goal under section 216B.2401.

~~(g) Notwithstanding any provision to the contrary, until July 1, 2026, spending by a public utility subject to this section on efficient fuel-switching improvements to meet energy savings goals under this section must not exceed 0.35 percent per year, averaged over three years, of the public utility's gross annual retail energy sales.~~

Sec. 11. Minnesota Statutes 2022, section 216B.241, subdivision 2, is amended to read:

Subd. 2. **Public utility; energy conservation and optimization plans.** (a) The commissioner may require a public utility to make investments and expenditures in energy conservation improvements, explicitly setting forth the interest rates, prices, and terms under which the improvements must be offered to the customers.

(b) A public utility shall file an energy conservation and optimization plan by June 1, on a schedule determined by order of the commissioner, but at least every three years. As provided in subdivisions 11 to 13, plans may include programs for efficient fuel-switching improvements and load management. An individual utility program may combine elements of energy conservation, load management, or efficient fuel-switching. The plan must estimate the lifetime energy savings and cumulative lifetime energy savings projected to be achieved under the plan. A plan filed by a public utility by June 1 must be approved or approved as modified by the commissioner by December 1 of that same year.

(c) The commissioner shall evaluate the plan on the basis of cost-effectiveness and the reliability of technologies employed. The commissioner's order must provide to the extent practicable for a free choice, by consumers participating in an energy conservation program, of the device, method, material, or project constituting the energy conservation improvement and for a free choice of the seller, installer, or contractor of the energy conservation improvement, provided that the device, method, material, or project seller, installer, or contractor is duly licensed, certified, approved, or qualified, including under the residential conservation services program, where applicable.

(d) The commissioner may require a utility subject to subdivision 1c to make an energy conservation improvement investment or expenditure whenever the commissioner finds that the improvement will result in energy savings at a total cost to the utility less than the cost to the utility to produce or purchase an equivalent amount of new supply of energy.

(e) Each public utility subject to this subdivision may spend and invest annually up to ten percent of the total amount ~~spent and invested~~ that the public utility spends and invests on energy conservation, efficient fuel-switching, or load management improvements under this section ~~by the public utility~~ on research and development projects that meet the applicable definition of energy conservation, efficient fuel-switching, or load management improvement.

(f) The commissioner shall consider and may require a public utility to undertake an energy conservation ~~program or efficient fuel-switching program~~, subject to the requirements of subdivisions 11 and 12, that is suggested by an outside source, including a political subdivision, a nonprofit corporation, or community organization. In approving a proposal under this paragraph, the commissioner must consider the qualifications and experience of the entity proposing the program and any other criteria the commissioner deems relevant.

(g) A public utility, a political subdivision, or a nonprofit or community organization that has suggested an energy conservation program, the attorney general acting on behalf of consumers and small business interests, or a public utility customer that has suggested an energy conservation program and is not represented by the attorney general under section 8.33 may petition the commission to modify or revoke a department decision under this section, and the commission may do so if it determines that the energy conservation program is not cost-effective, does not adequately address the residential conservation improvement needs of low-income persons, has a long-range negative effect on one or more classes of customers, or is otherwise not in the public interest. The commission shall reject a petition that, on its face, fails to make a reasonable argument that an energy conservation program is not in the public interest.

(h) The commissioner may order a public utility to include, with the filing of the public utility's annual status report, the results of an independent audit of the public utility's conservation improvement programs and expenditures performed by the department or an auditor with experience in the provision of energy conservation and energy efficiency services approved by the commissioner and chosen by the public utility. The audit must specify the energy savings or increased efficiency in the use of energy within the service territory of the public utility that is the result of the public utility's spending and investments. The audit must evaluate the cost-effectiveness of the public utility's conservation programs.

(i) The energy conservation and optimization plan of each public utility subject to this section must include activities to improve energy efficiency in public schools served by the utility. As applicable to each public utility, at a minimum the activities must include programs to increase the efficiency of the school's lighting and heating and cooling systems, and to provide for building recommissioning, building operator training, and opportunities to educate students, teachers, and staff regarding energy efficiency measures implemented at the school.

(j) The commissioner may require investments or spending greater than the amounts proposed in a plan filed under this subdivision or section 216C.17 for a public utility whose most recent advanced forecast required under section 216B.2422 projects a peak demand deficit of 100 megawatts or more within five years under midrange forecast assumptions.

(k) A public utility filing a conservation and optimization plan that includes an efficient fuel-switching program ~~to achieve the utility's energy savings goal~~ must, as part of the filing, demonstrate ~~by a comparison of greenhouse gas emissions between the fuels~~ that the requirements of subdivisions 11 or 12 are met, as applicable, ~~using a full fuel-cycle energy analysis.~~

Sec. 12. Minnesota Statutes 2022, section 216B.241, subdivision 11, is amended to read:

Subd. 11. **Programs for efficient fuel-switching improvements; electric utilities.** (a) A public utility providing electric service at retail may include in the plan required under subdivision 2 a proposed goal for efficient fuel-switching improvements that the utility expects to achieve under the plan and the programs to implement efficient fuel-switching improvements or combinations of energy conservation improvements, fuel-switching improvements, and load management. For each program, the public utility must provide a proposed budget, an analysis of the program's cost-effectiveness, and estimated net energy and demand savings.

(b) The department may approve proposed programs for efficient fuel-switching improvements if the department determines the improvements meet the requirements of paragraph (d). ~~For fuel-switching improvements that require the deployment of electric technologies, the department must also consider whether the fuel-switching improvement can be operated in a manner that facilitates the integration of variable renewable energy into the electric system. The net benefits from an efficient fuel-switching improvement that is integrated with an energy efficiency program approved under this section may be counted toward the net benefits of the energy efficiency program, if the department determines the primary purpose and effect of the program is energy efficiency.~~

(c) A public utility may file a rate schedule with the commission that provides for annual cost recovery of reasonable and prudent costs to implement and promote efficient fuel-switching programs. The utility, department, or other entity may propose, and the commission may not approve, modify, or reject, a proposal for a financial incentive to encourage efficient fuel-switching programs operated by a public utility providing electric service approved under this subdivision. When making a decision on the financial incentive proposal, the commission must apply the considerations established in section 216B.16, subdivision 6c, paragraphs (b) and (c).

(d) A fuel-switching improvement is deemed efficient if, applying the technical criteria established under section 216B.241, subdivision 1d, paragraph (e), the improvement meets the following criteria, relative to the fuel that is being displaced:

(1) results in a net reduction in the amount of source energy consumed for a particular use, measured on a fuel-neutral basis, using (i) the utility's annual system average efficiency, or (ii) if the utility elects, a seasonal, monthly, or more granular level of analysis for the electric utility system over the measure's life;

(2) results in a net reduction of statewide greenhouse gas emissions as defined in section 216H.01, subdivision 2, over the lifetime of the improvement. For an efficient fuel-switching improvement installed by an electric utility, the reduction in emissions must be measured ~~based on the hourly emission profile of the electric utility, using the hourly emissions profile in the most recent resource plan approved by the commission under section 216B.2422~~ using (i) the utility's annual average emissions factor, or (ii) if the utility elects, a seasonal, monthly or more granular level of analysis, for the electric utility system over the measure's life; and

(3) is cost-effective, considering the costs and benefits from the perspective of the utility, participants, and society; ~~and~~

~~(4) is installed and operated in a manner that improves the utility's system load factor.~~

(e) For purposes of this subdivision, "source energy" means the total amount of primary energy required to deliver energy services, adjusted for losses in generation, transmission, and distribution, and expressed on a fuel-neutral basis.

Sec. 13. Minnesota Statutes 2022, section 216B.241, subdivision 12, is amended to read:

Subd. 12. **Programs for efficient fuel-switching improvements; natural gas utilities.** (a) As part of a public utility's plan filed under subdivision 2, a public utility that provides natural gas service to Minnesota retail customers may propose one or more programs to install electric technologies that reduce the consumption of natural gas by the utility's retail customers as an energy conservation improvement. The commissioner may approve a proposed program if the commissioner, applying the technical criteria developed under section 216B.241, subdivision 1d, paragraph (e), determines that:

(1) the electric technology to be installed meets the criteria established under section 216B.241, subdivision 11, paragraph (d), clauses (1) and (2); and

(2) the program is cost-effective, considering the costs and benefits to ratepayers, the utility, participants, and society.

(b) If a program is approved by the commission under this subdivision, the public utility may count the program's energy savings toward its energy savings goal under section 216B.241, subdivision 1c. Notwithstanding section 216B.2402, subdivision 4, efficient fuel-switching achieved through programs approved under this subdivision is energy conservation.

(c) A public utility may file rate schedules with the commission that provide annual cost-recovery for programs approved by the department under this subdivision, including reasonable and prudent costs to implement and promote the programs.

(d) The commission may approve, modify, or reject a proposal made by the department or a utility for an incentive plan to encourage efficient fuel-switching programs approved under this subdivision, applying the considerations established under section 216B.16, subdivision 6c, paragraphs (b) and (c). The commission may approve a financial incentive mechanism that is calculated based on the combined energy savings and net benefits that the commission has determined have been achieved by a program approved under this subdivision, provided the commission determines that the financial incentive mechanism is in the ratepayers' interest.

~~(e) A public utility is not eligible for a financial incentive for an efficient fuel-switching program under this subdivision in any year in which the utility achieves energy savings below one percent of gross annual retail energy sales, excluding savings achieved through fuel-switching programs.~~

Sec. 14. Minnesota Statutes 2023 Supplement, section 216C.08, is amended to read:

216C.08 JURISDICTION.

~~(a) The commissioner has sole authority and responsibility for the administration of sections 216C.05 to 216C.30 and 216C.375 to administer this chapter. Other laws notwithstanding, the authority granted to the commissioner shall supersede under this section supersedes the authority given any other agency whenever overlapping, duplication, or additional administrative or legal procedures might occur in the administration of sections 216C.05 to 216C.30 and 216C.375 administering this chapter. The commissioner shall consult with other state departments or agencies in matters related to energy and shall contract with them the other state departments or agencies to provide appropriate services to effectuate the purposes of sections 216C.05 to 216C.30 and 216C.375 this chapter. Any other department, agency, or official of this state or political subdivision thereof which would in any way affect the administration or enforcement of sections 216C.05 to 216C.30 and 216C.375 this chapter shall cooperate and coordinate all activities with the commissioner to assure orderly and efficient administration and enforcement of sections 216C.05 to 216C.30 and 216C.375 this chapter.~~

(b) The commissioner shall designate a liaison officer whose duty shall be to insure the maximum possible consistency in procedures and to eliminate duplication between the commissioner and the other agencies that may be involved in energy.

Sec. 15. Minnesota Statutes 2023 Supplement, section 216C.09, is amended to read:

216C.09 COMMISSIONER DUTIES.

(a) The commissioner shall:

(1) manage the department as the central repository within the state government for the collection of data on energy;

(2) prepare and adopt an emergency allocation plan specifying actions to be taken in the event of an impending serious shortage of energy, or a threat to public health, safety, or welfare;

(3) undertake a continuing assessment of trends in the consumption of all forms of energy and analyze the social, economic, and environmental consequences of these trends;

(4) carry out energy ~~conservation~~ measures as specified by the legislature and recommend to the governor and the legislature additional energy policies and conservation measures as required to meet the objectives of ~~sections 216C.05 to 216C.30 and 216C.375~~ this chapter;

(5) collect and analyze data relating to present and future demands and resources for all sources of energy;

(6) evaluate policies governing the establishment of rates and prices for energy as related to energy conservation, and other goals and policies of ~~sections 216C.05 to 216C.30 and 216C.375~~ this chapter, and make recommendations for changes in energy pricing policies and rate schedules;

(7) study the impact and relationship of the state energy policies to international, national, and regional energy policies;

(8) design and implement a state program for the conservation of energy; this program shall include but not be limited to, general commercial, industrial, and residential, and transportation areas; such program shall also provide for the evaluation of energy systems as they relate to lighting, heating, refrigeration, air conditioning, building design and operation, and appliance manufacturing and operation;

(9) inform and educate the public about the sources and uses of energy and the ways in which persons can conserve energy;

(10) dispense funds made available for the purpose of research studies and projects of professional and civic orientation, which are related to either energy conservation, resource recovery, or the development of alternative energy technologies which conserve nonrenewable energy resources while creating minimum environmental impact;

(11) charge other governmental departments and agencies involved in energy-related activities with specific information gathering goals and require that those goals be met;

(12) design a comprehensive program for the development of indigenous energy resources. The program shall include, but not be limited to, providing technical, informational, educational, and financial services and materials to persons, businesses, municipalities, and organizations involved in the development of solar, wind, hydropower, peat, fiber fuels, biomass, and other alternative energy resources. The program shall be evaluated by the alternative energy technical activity; and

(13) dispense loans, grants, or other financial aid from money received from litigation or settlement of alleged violations of federal petroleum-pricing regulations made available to the department for that purpose.

(b) Further, the commissioner may participate fully in hearings before the Public Utilities Commission on matters pertaining to rate design, cost allocation, efficient resource utilization, utility conservation investments, small power production, cogeneration, and other rate issues. The commissioner shall support the policies stated in section 216C.05 and shall prepare and defend testimony proposed to encourage energy conservation improvements as defined in section 216B.241.

Sec. 16. Minnesota Statutes 2022, section 216C.10, is amended to read:

216C.10 COMMISSIONER POWERS.

(a) The commissioner may:

(1) adopt rules under chapter 14 as necessary to carry out the purposes of ~~sections 216C.05 to 216C.30~~ this chapter;

(2) make all contracts under ~~sections 216C.05 to 216C.30~~ this chapter and do all things necessary to cooperate with the United States government, and to qualify for, accept, and disburse any grant intended ~~for the administration of sections 216C.05 to 216C.30~~ to administer this chapter;

(3) provide on-site technical assistance to units of local government in order to enhance local capabilities for dealing with energy problems;

(4) administer for the state, energy programs under federal law, regulations, or guidelines, and coordinate the programs and activities with other state agencies, units of local government, and educational institutions;

(5) develop a state energy investment plan with yearly energy conservation and alternative energy development goals, investment targets, and marketing strategies;

(6) perform market analysis studies relating to conservation, alternative and renewable energy resources, and energy recovery;

(7) assist with the preparation of proposals for innovative conservation, renewable, alternative, or energy recovery projects;

(8) manage and disburse funds made available for the purpose of research studies or demonstration projects related to energy conservation or other activities deemed appropriate by the commissioner;

(9) intervene in certificate of need proceedings before the Public Utilities Commission;

(10) collect fees from recipients of loans, grants, or other financial aid from money received from litigation or settlement of alleged violations of federal petroleum-pricing regulations, which fees must be used to pay the department's costs in administering those financial aids; and

(11) collect fees from proposers and operators of conservation and other energy-related programs that are reviewed, evaluated, or approved by the department, other than proposers that are political subdivisions or community or nonprofit organizations, to cover the department's cost in making the reviewal, evaluation, or approval and in developing additional programs for others to operate.

(b) Notwithstanding any other law, the commissioner is designated the state agent to apply for, receive, and accept federal or other funds made available to the state for the purposes of ~~sections 216C.05 to 216C.30~~ this chapter.

Sec. 17. Minnesota Statutes 2023 Supplement, section 216C.331, subdivision 1, is amended to read:

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

(b) "Aggregated customer energy use data" means customer energy use data that is combined into one collective data point per time interval. Aggregated customer energy use data is data with any unique identifiers or other personal information removed that a qualifying utility collects and aggregates in at least monthly intervals for an entire building on a covered property.

(c) "Benchmark" means to electronically input into a benchmarking tool ~~the total whole building~~ energy use data and other descriptive information about a building that is required by a benchmarking tool.

(d) "Benchmarking information" means data related to a building's energy use generated by a benchmarking tool, and other information about the building's physical and operational characteristics. Benchmarking information includes but is not limited to the building's:

(1) address;

(2) owner and, if applicable, the building manager responsible for operating the building's physical systems;

- (3) total floor area, expressed in square feet;
- (4) energy use intensity;
- (5) greenhouse gas emissions; and
- (6) energy performance score comparing the building's energy use with that of similar buildings.

(e) "Benchmarking tool" means the United States Environmental Protection Agency's Energy Star Portfolio Manager tool or an equivalent tool determined by the commissioner.

(f) "Covered property" means any property that is served by an investor-owned utility in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington County, or in any city outside the metropolitan area with a population of over 50,000 residents, as determined by the Minnesota State Demographic Center, served by a municipal energy utility or investor-owned utility, and that has one or more buildings containing in sum 50,000 gross square feet or greater. Covered property does not include:

(1) a residential property containing fewer than five dwelling units;

(2) a property that is: (i) classified as manufacturing under the North American Industrial Classification System; (ii) an energy-intensive trade-exposed customer, as defined in section 216B.1696; (iii) an electric power generation facility; (iv) a mining facility; or (v) an industrial building otherwise incompatible with benchmarking in the benchmarking tool, as determined by the commissioner;

(3) an agricultural building;

(4) a multitenant building that is served by a utility that ~~cannot supply~~ is not supplying aggregated customer usage data under subdivision 8 or is not using a customer usage data aggregation program to supply aggregated customer usage data to the benchmarking tool; or

(5) other property types that do not meet the purposes of this section, as determined by the commissioner.

(g) "Customer energy use data" means data collected from utility customer meters that reflect the quantity, quality, or timing of customers' energy use.

(h) "Energy" means electricity, natural gas, steam, or another product used to: (1) provide heating, cooling, lighting, or water heating; or (2) power other end uses in a building.

(i) "Energy performance score" means a numerical value from one to 100 that the Energy Star Portfolio Manager tool calculates to rate a building's energy efficiency against that of comparable buildings nationwide.

(j) "Energy Star Portfolio Manager" means an interactive resource management tool developed by the United States Environmental Protection Agency that (1) enables the periodic entry of a building's energy use data and other descriptive information about a building, and (2) rates a building's energy efficiency against that of comparable buildings nationwide.

(k) "Energy use intensity" means the total annual energy consumed in a building divided by the building's total floor area.

(l) "Financial distress" means a covered property that, at the time benchmarking is conducted:

(1) is the subject of a qualified tax lien sale or public auction due to property tax arrearages;

(2) is controlled by a court-appointed receiver based on financial distress;

(3) is owned by a financial institution through default by the borrower;

(4) has been acquired by deed in lieu of foreclosure; or

(5) has a senior mortgage that is subject to a notice of default.

(m) "Local government" means a statutory or home rule municipality or county.

(n) "Owner" means:

(1) an individual or entity that possesses title to a covered property; or

(2) an agent authorized to act on behalf of the covered property owner.

(o) "Qualifying utility" means ~~a utility serving the covered property, including:~~

(1) an electric or gas utility, including:

(i) an investor-owned electric or gas utility serving customers in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington County, or in any city outside the metropolitan area with a population of over 50,000 residents, as determined by the Minnesota State Demographic Center, and serving properties with one or more buildings containing in sum 50,000 gross square feet or greater; or

(ii) a municipally owned electric or gas utility serving customers in any city with a population of over 50,000 residents, as determined by the Minnesota State Demographic Center, and serving properties with one or more buildings containing in sum 50,000 gross square feet or greater;

(2) a natural gas supplier with five or more active commercial connections, accounts, or customers in the state and serving customers in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington County, or in any city outside the metropolitan area with a population of over 50,000 residents, as determined by the Minnesota State Demographic Center, and serving properties with one or more buildings containing in sum 50,000 gross square feet or greater; or

(3) a district steam, hot water, or chilled water provider serving customers in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington County, or in any city outside the metropolitan area with a population of over 50,000 residents, as determined by the Minnesota State Demographic Center, and serving properties with one or more buildings containing in sum 50,000 gross square feet or greater.

(p) "Tenant" means a person that occupies or holds possession of a building or part of a building or premises pursuant to a lease agreement.

(q) "Total floor area" means the sum of gross square footage inside a building's envelope, measured between the outside exterior walls of the building. Total floor area includes covered parking structures.

(r) "Utility customer" means the building owner or tenant listed on the utility's records as the customer liable for payment of the utility service or additional charges assessed on the utility account.

(s) "Whole building energy use data" means all energy consumed in a building, whether purchased from a third party or generated at the building site or from any other source.

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

Sec. 18. Minnesota Statutes 2022, section 216C.435, subdivision 3a, is amended to read:

Subd. 3a. ~~Cost-effective Energy improvements.~~ "Cost-effective Energy improvements" means:

(1) any new construction, renovation, or retrofitting of qualifying commercial real property to improve energy efficiency that: ~~(i) is permanently affixed to the property; and (ii) results in a net reduction in energy consumption without altering the principal source of energy, and has been identified or greenhouse gas emissions, as documented in an energy audit as repaying the purchase and installation costs in 20 years or less, based on the amount of future energy saved and estimated future energy prices or emissions avoided;~~

(2) any renovation or retrofitting of qualifying residential real property that is permanently affixed to the property and is eligible to receive an incentive through a program offered by the electric or natural gas utility that provides service under section 216B.241 to the property or is otherwise determined to be ~~a cost-effective~~ an eligible energy improvement by the commissioner under section 216B.241, subdivision 1d, paragraph (a);

(3) permanent installation of new or upgraded electrical circuits and related equipment to enable electrical vehicle charging; or

(4) a solar voltaic or solar thermal energy system attached to, installed within, or proximate to a building that generates electrical or thermal energy from a renewable energy source that has been ~~identified~~ documented in an energy audit or renewable energy system feasibility study ~~as repaying their purchase and installation costs in 20 years or less, based on the amount of future energy saved and estimated future energy prices, along with the estimated amount of related renewable energy production.~~

Sec. 19. Minnesota Statutes 2022, section 216C.435, subdivision 3b, is amended to read:

Subd. 3b. **Commercial PACE loan contractor.** "Commercial PACE loan contractor" means a person or entity that installs ~~cost-effective energy~~ eligible improvements financed under a commercial PACE loan program.

Sec. 20. Minnesota Statutes 2022, section 216C.435, is amended by adding a subdivision to read:

Subd. 3e. **Eligible improvement.** "Eligible improvement" means one or more energy improvements, resiliency improvements, or water improvements made to qualifying real property.

Sec. 21. Minnesota Statutes 2022, section 216C.435, subdivision 4, is amended to read:

Subd. 4. **Energy audit.** "Energy audit" means a formal evaluation of the energy consumption of a building by a certified energy auditor, whose certification is approved by the commissioner, for the purpose of identifying appropriate energy improvements that could be made to the building and including an estimate of the ~~length of time a specific energy improvement will take to repay its purchase and installation costs, based on the amount of energy saved and estimated future energy prices~~ effective useful life, the reduction of energy consumption, and the related avoided greenhouse gas emissions resulting from the proposed eligible improvements.

Sec. 22. Minnesota Statutes 2023 Supplement, section 216C.435, subdivision 8, is amended to read:

Subd. 8. **Qualifying commercial real property.** "Qualifying commercial real property" means a multifamily residential dwelling, a commercial or industrial building, or farmland, as defined in section 216C.436, subdivision 1b, that the implementing entity has determined, after review of an energy audit, renewable energy system feasibility study, water improvement study, resiliency improvement study, or agronomic assessment, as defined in section 216C.436, subdivision 1b, can benefit from ~~the installation of cost-effective energy installing eligible~~ improvements or land and water improvements, as defined in section 216C.436, subdivision 1b. Qualifying commercial real property includes new construction.

Sec. 23. Minnesota Statutes 2022, section 216C.435, subdivision 10, is amended to read:

Subd. 10. **Renewable energy system feasibility study.** "Renewable energy system feasibility study" means a written study, conducted by a contractor trained to perform that analysis, for the purpose of determining the feasibility of installing a renewable energy system in a building, including an estimate of the ~~length of time a specific effective useful life, the production of renewable energy, and any related avoided greenhouse gas emissions of the proposed~~ renewable energy system ~~will take to repay its purchase and installation costs, based on the amount of energy saved and estimated future energy prices.~~ For a geothermal energy improvement, the feasibility study ~~must calculate net savings in terms of nongeothermal energy and costs.~~

Sec. 24. Minnesota Statutes 2022, section 216C.435, is amended by adding a subdivision to read:

Subd. 11a. **Resiliency improvement.** "Resiliency improvement" means one or more installations or modifications to eligible commercial real property that are designed to improve a property's resiliency by improving the eligible real property's:

- (1) structural integrity for seismic events;
- (2) indoor air quality;
- (3) durability to resist wind, fire, and flooding;
- (4) ability to withstand an electric power outage;
- (5) stormwater control measures, including structural and nonstructural measures to mitigate stormwater runoff;
- (6) ability to mitigate the impacts of extreme temperatures; or
- (7) ability to mitigate greenhouse gas embodied emissions from the eligible real property.

Sec. 25. Minnesota Statutes 2022, section 216C.435, is amended by adding a subdivision to read:

Subd. 11b. **Resiliency improvement feasibility study.** "Resiliency improvement feasibility study" means a written study that is conducted by a contractor trained to perform the analysis to:

- (1) determine the feasibility of installing a resiliency improvement;
- (2) document the improved resiliency capabilities of the property; and
- (3) estimate the effective useful life of the proposed resiliency improvements.

Sec. 26. Minnesota Statutes 2022, section 216C.435, is amended by adding a subdivision to read:

Subd. 14. **Water improvement.** "Water improvement" means one or more installations or modifications to qualifying commercial real property that are designed to improve water efficiency or water quality by:

(1) reducing water consumption;

(2) improving the quality, potability, or safety of water for the qualifying property; or

(3) conserving or remediating water, in whole or in part, on qualifying real property.

Sec. 27. Minnesota Statutes 2022, section 216C.435, is amended by adding a subdivision to read:

Subd. 15. **Water improvement feasibility study.** "Water improvement feasibility study" means a written study that is conducted by a contractor trained to perform the analysis to:

(1) determine the appropriate water improvements that could be made to the building; and

(2) estimate the effective useful life, the reduction of water consumption, and any improvement in water quality resulting from the proposed water improvements.

Sec. 28. Minnesota Statutes 2022, section 216C.436, subdivision 1, is amended to read:

Subdivision 1. **Program purpose and authority.** An implementing entity may establish a commercial PACE loan program to finance ~~cost-effective energy, water, and resiliency~~ cost-effective energy, water, and resiliency improvements to enable owners of qualifying commercial real property to pay for ~~the cost-effective energy eligible~~ improvements to the qualifying real property with the net proceeds and interest earnings of revenue bonds authorized in this section. An implementing entity may limit the number of qualifying commercial real properties for which a property owner may receive program financing.

Sec. 29. Minnesota Statutes 2023 Supplement, section 216C.436, subdivision 1b, is amended to read:

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

(b) "Agronomic assessment" means a study by an independent third party that assesses the environmental impacts of proposed land and water improvements on farmland.

(c) "Farmland" means land classified as 2a, 2b, or 2c for property tax purposes under section 273.13, subdivision 23.

(d) "Land and water improvement" means:

(1) an improvement to farmland that:

(i) is permanent;

(ii) results in improved agricultural profitability or resiliency;

(iii) reduces the environmental impact of agricultural production; and

(iv) if the improvement affects drainage, complies with the most recent versions of the applicable following conservation practice standards issued by the United States Department of Agriculture's Natural Resources Conservation Service: Drainage Water Management (Code 554), Saturated Buffer (Code 604), Denitrifying Bioreactor (Code 605), and Constructed Wetland (Code 656); or

(2) water conservation and quality measures, which include permanently affixed equipment, appliances, or improvements that reduce a property's water consumption or that enable water to be managed more efficiently.

(e) "Resiliency" means:

(1) the ability of farmland to maintain and enhance profitability, soil health, and water quality;

(2) the ability to mitigate greenhouse gas embodied emissions from an eligible real property; or

(3) an increase in building resilience through flood mitigation, stormwater management, wildfire and wind resistance, energy storage use, or microgrid use.

Sec. 30. Minnesota Statutes 2023 Supplement, section 216C.436, subdivision 2, is amended to read:

Subd. 2. **Program requirements.** A commercial PACE loan program must:

(1) impose requirements and conditions on financing arrangements to ensure timely repayment;

(2) require an energy audit, renewable energy system feasibility study, resiliency improvement study, water improvement study, or agronomic or soil health assessment to be conducted on the qualifying commercial real property and reviewed by the implementing entity prior to approval of the financing;

(3) require the inspection or verification of all ~~installations and a performance verification of at least ten percent of the cost-effective energy~~ eligible improvements or land and water improvements financed by the program;

(4) not prohibit the financing of all ~~cost-effective energy~~ eligible improvements or land and water improvements not otherwise prohibited by this section;

(5) require that all ~~cost-effective energy~~ eligible improvements or land and water improvements be made to a qualifying commercial real property prior to, or in conjunction with, an applicant's repayment of financing for ~~cost-effective energy~~ eligible improvements or land and water improvements for ~~that~~ the qualifying commercial real property;

(6) have ~~cost-effective energy~~ eligible improvements or land and water improvements financed by the program performed by a licensed contractor as required by chapter 326B or other law or ordinance;

(7) require disclosures in the loan document to borrowers by the implementing entity of: (i) the risks involved in borrowing, including the risk of foreclosure if a tax delinquency results from a default; and (ii) all the terms and conditions of the commercial PACE loan and the installation of ~~cost-effective energy~~ eligible improvements or land and water improvements, including the interest rate being charged on the loan;

(8) provide financing only to those who demonstrate an ability to repay;

(9) not provide financing for a qualifying commercial real property in which the owner is not current on mortgage or real property tax payments;

(10) require a petition to the implementing entity by all owners of the qualifying commercial real property requesting collections of repayments as a special assessment under section 429.101;

(11) provide that payments and assessments are not accelerated due to a default and that a tax delinquency exists only for assessments not paid when due;

(12) require that liability for special assessments related to the financing runs with the qualifying commercial real property; and

(13) prior to financing any improvements to or imposing any assessment upon qualifying commercial real property, require notice to and written consent from the mortgage lender of any mortgage encumbering or otherwise secured by the qualifying commercial real property.

Sec. 31. Minnesota Statutes 2022, section 216C.436, subdivision 4, is amended to read:

Subd. 4. **Financing terms.** Financing provided under this section must have:

(1) a cost-weighted average maturity not exceeding the useful life of the energy eligible improvements installed, as determined by the implementing entity, but in no event may a term exceed ~~20~~ 30 years;

(2) a principal amount not to exceed the lesser of:

(i) the greater of ~~20~~ 30 percent of the assessed value of the real property on which the improvements are to be installed or ~~20~~ 30 percent of the real property's appraised value, accepted or approved by the mortgage lender; or

(ii) the actual cost of installing the energy eligible improvements, including the costs of necessary equipment, materials, and labor; the costs of each related energy audit ~~or~~ renewable energy system feasibility study, water improvement study, or resiliency improvement study; and the cost of verification of installation; and

(3) an interest rate sufficient to pay the financing costs of the program, including the issuance of bonds and any financing delinquencies.

Sec. 32. Minnesota Statutes 2022, section 216C.436, subdivision 7, is amended to read:

Subd. 7. **Repayment.** An implementing entity that finances an energy eligible improvement under this section must:

(1) secure payment with a lien against the qualifying commercial real property; and

(2) collect repayments as a special assessment as provided for in section 429.101 or by charter, provided that special assessments may be made payable in up to ~~20~~ 30 equal annual installments.

If the implementing entity is an authority, the local government that authorized the authority to act as implementing entity shall impose and collect special assessments necessary to pay debt service on bonds issued by the implementing entity under subdivision 8, and shall transfer all collections of the assessments upon receipt to the authority.

Sec. 33. Minnesota Statutes 2022, section 216C.436, subdivision 8, is amended to read:

Subd. 8. **Bond issuance; repayment.** (a) An implementing entity may issue revenue bonds as provided in chapter 475 for the purposes of this section and section 216C.437, provided the revenue bond must not be payable more than ~~20~~ 30 years from the date of issuance.

(b) The bonds must be payable as to both principal and interest solely from the revenues from the assessments established in subdivision 7 and section 216C.437, subdivision 28.

(c) No holder of bonds issued under this subdivision may compel any exercise of the taxing power of the implementing entity that issued the bonds to pay principal or interest on the bonds, and if the implementing entity is an authority, no holder of the bonds may compel any exercise of the taxing power of the local government. Bonds issued under this subdivision are not a debt or obligation of the issuer or any local government that issued them, nor is the payment of the bonds enforceable out of any money other than the revenue pledged to the payment of the bonds.

Sec. 34. Minnesota Statutes 2022, section 216C.436, subdivision 10, is amended to read:

Subd. 10. **Improvements; real property or fixture.** ~~A cost-effective energy~~ An eligible improvement financed under a PACE loan program, including all equipment purchased in whole or in part with loan proceeds under a loan program, is deemed real property or a fixture attached to the real property.

Sec. 35. **[216C.471] RESIDENTIAL ENERGY RATING REBATE PROGRAM.**

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

(b) "Program" or "the program" means the residential energy rating rebate program established under this section.

(c) "Qualifying unit" means a residential living space occupied by an individual or a household that has been certified by the United States Department of Energy's Zero Energy Ready Home Program and that is located in a building with no more than 12 residential dwelling units. Individual units may qualify independently, without regard to the certification status of another unit in a building or another structure on a lot.

Subd. 2. **Establishment.** By March 1, 2025, the commissioner must establish a residential energy rating rebate program to provide financial assistance to builders and developers of qualifying units to defray certification costs under the United States Department of Energy's Zero Energy Ready Home Program.

Subd. 3. **Application process.** (a) Applicants must apply for rebates using a form developed by the commissioner that demonstrates, at a minimum:

(1) that the qualifying unit received a certification under the version of the United States Department of Energy's Zero Energy Ready Home Program that was in effect at the time the qualifying unit received its building permit; and

(2) proof of payment for energy rating services provided by a verifier partner of the United States Department of Energy Zero Energy Ready Home Program.

(b) Applicants must submit a copy of the final energy rating report completed by the verifier partner.

(c) Applications must be considered on a rolling basis according to criteria developed by the commissioner.

Subd. 4. **Rebate amounts.** The commissioner must award rebates to applicants in an amount that equals the amount that the applicant paid for energy rating services certified by third parties necessary for certification by the United States Department of Energy's Zero Energy Ready Home Program, including travel and lodging costs for site visits of energy rating professionals, subject to the following limitations:

(1) the maximum award per qualifying unit of single-family housing is \$5,000;

(2) the maximum award per qualifying unit of all other types of housing is \$2,500;

(3) no applicant may receive more than \$15,000 in rebates for qualifying units in a single building; and

(4) no more than one rebate may be awarded to a qualifying unit.

Subd. 5. **Outreach.** The commissioner must publicize the availability of rebates under this section to, at a minimum:

(1) construction, energy, and architecture professionals;

(2) building officials; and

(3) affordable and nonprofit housing developers.

Subd. 6. **Reports.** By January 15 of each year, beginning in 2026, the commissioner must submit a report to the chairs and ranking minority members of the legislative committees with primary responsibility for climate and energy policy that summarizes program outcomes for the prior year, including, at a minimum:

(1) the number of rebates awarded, reported separately for single-family homes and other housing types; and

(2) the mean and median amounts of the rebates awarded.

Subd. 7. **Account established; appropriation.** (a) The residential energy rating rebate account is established as a separate account in the special revenue fund in the state treasury. The commissioner must credit to the account appropriations and transfers to the account. Earnings, including interest, dividends, and any other earnings arising from assets of the account, must be credited to the account. Money remaining in the account at the end of a fiscal year does not cancel to the general fund, but remains in the account until July 1, 2029. The commissioner must manage the account.

(b) Money in the account is appropriated to the commissioner to award residential energy rating rebates to eligible applicants and to reimburse the reasonable costs incurred by the department to administer this section.

Subd. 8. **Expiration.** This section expires June 30, 2029."

Delete the title and insert:

"A bill for an act relating to energy; establishing a supplemental budget for energy, transmission, and renewable energy purposes; adding and modifying provisions governing geothermal energy, electric transmission, solar energy, and other energy policy; establishing programs; requiring reports; appropriating money; making technical changes; amending Minnesota Statutes 2022, sections 216B.16, subdivision 6c; 216B.2402, subdivisions 4, 10, by adding a subdivision; 216B.2403, subdivisions 2, 3, 5, 8; 216B.241, subdivisions 1c, 2, 11, 12; 216B.2421, subdivision 2; 216B.2425, subdivisions 1, 2, by adding a subdivision; 216B.2427, subdivision 1, by adding a subdivision; 216B.243, subdivisions 3, 9; 216B.246, subdivision 3; 216C.10; 216C.435, subdivisions 3a, 3b, 4, 10, by adding subdivisions; 216C.436, subdivisions 1, 4, 7, 8, 10; 216E.03, as amended; 216E.04, as amended; 216F.02; Minnesota Statutes 2023 Supplement, sections 116C.779, subdivision 1; 216B.243, subdivision 8; 216C.08; 216C.09; 216C.331, subdivision 1; 216C.435, subdivision 8; 216C.436, subdivisions 1b, 2; 216E.10, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 216C; 216E; repealing Minnesota Statutes 2022, sections 216E.08, subdivisions 1, 4; 216F.01, subdivision 1; 216F.012; 216F.015; 216F.03; Minnesota Statutes 2023 Supplement, section 216F.04; Minnesota Rules, parts 7850.2400; 7850.3600."

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

The report was adopted.

Freiberg from the Committee on Elections Finance and Policy to which was referred:

H. F. No. 4411, A bill for an act relating to elections; transferring money to the voting operations, technology, and election resources account.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
APPROPRIATIONS AND TRANSFERS

Section 1. Laws 2021, First Special Session chapter 12, article 1, section 6, is amended to read:

Sec. 6. SECRETARY OF STATE	\$9,684,000	\$9,152,000
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\$750,000 each year is for transfer to the voting equipment grant account under Minnesota Statutes, section 206.95. These are onetime transfers.

\$1,000,000 each year is for grants to local units of government to implement the provisions of Minnesota Statutes, section 203B.082. These are onetime appropriations.

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

Sec. 2. Laws 2023, chapter 62, article 1, section 6, is amended to read:

Sec. 6. SECRETARY OF STATE	\$ 13,470,000	\$ 11,069,000
	<u>14,720,000</u>	<u>12,655,000</u>

The base for this appropriation is ~~\$11,255,000~~ \$12,580,000 in fiscal year 2026 and ~~\$11,069,000~~ \$12,394,000 in fiscal year 2027.

\$500,000 the first year is for the secretary of state to make grants to counties and municipalities to improve access to polling places for individuals with disabilities and to provide the same opportunity for access and participation in the electoral process, including privacy and independence, to voters with disabilities as that which exists for voters with no disabilities. Funds may be used to purchase equipment or to make capital improvements to government-owned facilities. This is a onetime appropriation and is available until June 30, 2027.

\$200,000 the first year is to develop and implement an educational campaign relating to the restoration of the right to vote to formerly incarcerated individuals, including voter education materials and outreach to affected individuals.

\$2,250,000 the first year and \$3,127,000 the second year are for transfer to the voting operations, technology, and election resources account established under Minnesota Statutes, section 5.305. The base for this transfer is \$3,000,000 in fiscal year 2026 and each fiscal year thereafter.

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

Sec. 3. Laws 2023, chapter 62, article 1, section 43, is amended to read:

Sec. 43. **TRANSFER; VOTING OPERATIONS, TECHNOLOGY, AND ELECTION RESOURCES ACCOUNT.**

\$1,250,000 each year \$750,000 in fiscal year 2024 is transferred from the general fund voting equipment grant account under Minnesota Statutes, section 206.95, to the voting operations, technology, and election resources account established under Minnesota Statutes, section 5.305. The base for this transfer is \$1,250,000 in fiscal year 2026 and each fiscal year thereafter. This is a onetime transfer.

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

Sec. 4. **CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD; APPROPRIATION.**

\$20,000 in fiscal year 2025 is appropriated from the general fund to the Campaign Finance and Public Disclosure Board for costs related to implementation of article 3. This is a onetime appropriation.

Sec. 5. **VOTING RIGHTS ACT COST SHARING ACCOUNT; TRANSFER.**

\$144,000 in fiscal year 2025 is transferred from the general fund to the Voting Rights Act cost sharing account in the special revenue fund. The base for this transfer is \$25,000 in fiscal year 2026 and each fiscal year thereafter.

EFFECTIVE DATE. This section is effective July 1, 2024, if the proposed laws styled as the Minnesota Voting Rights Act contained in 2024 regular legislative session, House File 4772, including the cost sharing requirement proposed as Minnesota Statutes, section 200.56, subdivision 4, are enacted on or before that date.

ARTICLE 2 ELECTIONS POLICY

Section 1. **[200.60] VOTING RIGHTS ACT COST SHARING ACCOUNT.**

Subdivision 1. Special revenue fund account established. A Voting Rights Act cost sharing account is established in the special revenue fund. Money in the account is appropriated to the secretary of state for the purpose of reimbursing political subdivisions for presuit notice cost sharing expenses agreed to under section 200.56, subdivision 4, as authorized by this section. The secretary of state may retain up to five percent of the total cost of a reimbursement for administrative costs associated with processing the reimbursement.

Subd. 2. Eligibility for reimbursement; application and approval. (a) A political subdivision that implements a remedy in response to a presuit notice letter submitted under section 200.56 and pays a cost sharing amount under that section may apply to the secretary of state for reimbursement of the paid amount.

(b) The secretary of state must establish a form to be used by a political subdivision when applying for the reimbursement. The secretary of state must approve a submitted application, so long as the information provided by the political subdivision demonstrates that the expenses paid are eligible under section 200.56 and that sufficient funds are available in the Voting Rights Act cost sharing account to make the reimbursement payment. The secretary of state must review, approve, and distribute a reimbursement to an eligible political subdivision within 45 days of receiving its application.

EFFECTIVE DATE. This section is effective July 1, 2024, if the proposed laws styled as the Minnesota Voting Rights Act contained in 2024 regular legislative session, House File 4772, including the cost sharing requirement proposed as Minnesota Statutes, section 200.56, subdivision 4, are enacted on or before that date.

Sec. 2. Minnesota Statutes 2022, section 204B.35, subdivision 1, is amended to read:

Subdivision 1. **Application.** All ballots for every election shall be prepared in accordance with sections 204B.35 to 204B.44 and ~~chapter~~ chapters 204D and 204E, except for voting machine ballots or as otherwise provided by law.

Sec. 3. Minnesota Statutes 2022, section 204C.21, is amended by adding a subdivision to read:

Subd. 4. Ranked choice voting election. Notwithstanding the requirements of this section, the votes cast in a ranked choice voting election must be counted according to the procedures established in chapter 204E.

Sec. 4. Minnesota Statutes 2022, section 204D.07, subdivision 3, is amended to read:

Subd. 3. **Exception; certain nonpartisan candidate.** If not more than twice the number of individuals to be elected to a nonpartisan office file for the nomination, their names and the name of the office shall be omitted from the state and county nonpartisan primary ballot and the candidates who filed shall be the nominees. For candidates in a nonpartisan ranked choice voting election, candidates shall be omitted from the state and county primary ballot.

Sec. 5. **[204E.01] APPLICABILITY; AUTHORIZED LOCAL ADOPTION ONLY.**

This chapter applies to all elections conducted using ranked choice voting as authorized by section 204E.03. Except as otherwise provided by this chapter, Minnesota election law applies to elections conducted using ranked choice voting.

Sec. 6. **[204E.02] DEFINITIONS.**

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

Subd. 2. **Active candidate.** "Active candidate" means any candidate who has not been defeated or elected and is not a withdrawn candidate.

Subd. 3. **Batch elimination.** "Batch elimination" means a simultaneous defeat of multiple continuing candidates that have no mathematical chance of being elected.

Subd. 4. **Cast vote record.** "Cast vote record" means the tabulatable record of all aggregated votes produced by a single voter in one voting session. For ballots on which voters have indicated a write-in choice, the finalized cast vote record indicates whether the write-in choice was cast for one of the declared write-in candidates, and if so, which one.

Subd. 5. **Duplicate ranking.** "Duplicate ranking" means a voter has ranked the same candidate at multiple rankings for the office being counted.

Subd. 6. **Hand count election.** "Hand count election" means an election in which all tabulation of ballots is done by hand, regardless of whether the ballots are cast in a polling place or as absentee or mail ballots.

Subd. 7. **Highest continuing ranking.** "Highest continuing ranking" means the ranking on a voter's ballot with the lowest numerical value for a continuing candidate.

Subd. 8. **Inactive ballot.** "Inactive ballot" means a ballot that does not count for any candidate in a given round of tabulation as provided in section 204E.06 or 204E.07.

Subd. 9. **Mathematically impossible to be elected.** "Mathematically impossible to be elected" means:

(1) the candidate cannot be elected because the candidate's surplus votes and current vote total plus the surplus votes and votes of all other candidates in the current round with fewer votes or an equal number of votes would not be enough to surpass the candidate with the next higher current vote total; or

(2) the candidate has a lower current vote total than a candidate who is described by clause (1).

Subd. 10. **Maximum possible threshold.** "Maximum possible threshold" means the number of votes sufficient for a candidate to be elected under a first ranked choice tabulation under sections 204E.06 and 204E.07. Maximum possible threshold equals:

(1) the sum of the total ballots cast that include votes, undervotes, skipped rankings, and overvotes for the office; divided by

(2) the sum of one plus the number of offices to be filled; then

(3) adding one to the result; and

(4) with any fractions disregarded.

Subd. 11. **Multiple-seat election.** "Multiple-seat election" means an election in which two or more seats in an office are to be filled from a single set of candidates on the ballot.

Subd. 12. **Overvote.** "Overvote" means a voter has ranked more than one candidate at the same ranking.

Subd. 13. **Partially defective ballot.** "Partially defective ballot" means a ballot that is defective to the extent that the election judges are unable to determine the voter's intent with respect to the office being counted.

Subd. 14. **Ranked choice voting.** "Ranked choice voting" means an election method in which voters rank candidates for an office in order of their preference, with each vote counting for the highest-ranked continuing candidate on each ballot until that candidate has been elected or defeated as provided in this chapter.

Subd. 15. **Ranked choice voting local election official.** "Ranked choice voting local election official" means the county auditor, school district clerk, or municipal clerk responsible for duties related to election administration in the applicable jurisdiction. Where more than one ranked choice voting election jurisdiction is involved, the ranked choice voting local election official is presumed to be the county auditor if the county has adopted ranked choice voting. If an overlapping city and school district adopt ranked choice voting, the municipal clerk is presumed to be the ranked choice voting election official. Nothing in this subdivision prohibits overlapping jurisdictions from agreeing to an alternative ranked choice voting election official.

Subd. 16. **Ranked choice voting tabulation center.** "Ranked choice voting tabulation center" means the location where ballots are processed automatically or by hand and are tabulated.

Subd. 17. **Ranking.** "Ranking" means the number assigned by a voter to a candidate to express the voter's preference for that candidate. Ranking number one is the highest ranking. A ranking of lower numerical value indicates a greater preference for a candidate than a ranking of higher numerical value.

Subd. 18. **Repeat candidate ranking.** "Repeat candidate ranking" means a voter ranks the same candidate at multiple rankings for the office being counted.

Subd. 19. **Round.** "Round" means an instance of the sequence of voting tabulation steps established in section 204E.06 or 204E.07.

Subd. 20. **Single-seat election.** Single-seat election means an election in which one seat in an office is to be filled from a single set of candidates on the ballot.

Subd. 21. **Skipped ranking.** "Skipped ranking" means a voter has left a ranking blank and ranks a candidate at a subsequent ranking.

Subd. 22. **Surplus.** "Surplus" means the total number of votes cast for an elected candidate in excess of the threshold.

Subd. 23. **Surplus fraction of a vote.** "Surplus fraction of a vote" means the proportion of each vote to be transferred when a surplus is transferred. The surplus fraction is calculated by dividing the surplus by the total votes cast for the elected candidate, calculated to four decimal places, ignoring any remainder.

Subd. 24. **Threshold.** "Threshold" means the number of votes sufficient for a candidate to be elected. In any given single-seat election, the threshold equals: the total votes counted, during that tabulation round, excluding inactive ballots; divided by two; then adding one; and disregarding any fractions. In any given multiple-seat election, the threshold equals: the total votes counted in the first round after removing defective ballots; divided by the sum of one plus the number of offices to be filled; adding one to the result; and disregarding any fractions.

Subd. 25. **Totally defective ballot.** "Totally defective ballot" means a ballot that is defective to the extent that election judges are unable to determine the voter's intent for any office on the ballot.

Subd. 26. **Transfer value.** "Transfer value" means the fraction of a vote that a transferred ballot will contribute to the next ranked continuing candidate on that ballot. The transfer value of a vote cast for an elected candidate is calculated by multiplying the surplus fraction of each vote by its current value, calculated to four decimal places, ignoring any remainder. The transfer value of a vote cast for a defeated candidate is the same as its current value.

Subd. 27. **Transferable vote.** "Transferable vote" means a vote or a fraction of a vote for a candidate who has been either elected or defeated.

Subd. 28. **Undeclared candidate.** "Undeclared candidate" means a candidate who does not file a request within the time required by section 204E.05, subdivision 4, for the candidate's write-in votes to be counted, and whose name does not otherwise appear on the ballot.

Subd. 29. **Undervote.** "Undervote" means a voter did not rank any candidates for an office.

Sec. 7. **[204E.03] AUTHORIZATION FOR LOCAL ADOPTION.**

(a) After January 1, 2025, or the adoption of administrative rules governing ranked choice voting by the secretary of state, whichever is later, the following political subdivisions may adopt, in the manner provided in this section, ranked choice voting as a method of voting for local offices within the political subdivision:

(1) home rule charter or statutory cities;

(2) school districts; and

(3) counties.

(b) A jurisdiction that adopts ranked choice voting may do so by adopting an ordinance or resolution, by a ballot question presented to the voters, or by amending the charter. The ranked choice voting method may be repealed by the same methods used for adoption.

(c) Before adopting the use of ranked choice voting for an election held in conjunction with a statewide election, a jurisdiction must enter into an agreement, or a conditional agreement if adopting by ballot question, with the county or counties responsible for administering the jurisdiction's election.

(d) If a home rule charter or statutory city adopts ranked choice voting without an agreement with the county or counties, the election conducted by ranked choice voting must not be held in conjunction with a statewide election and the jurisdiction must administer its own election.

(e) Before a school district can adopt the use of ranked choice voting for an election not held in conjunction with a statewide election, the district must first enter into an agreement, or a conditional agreement if adopting by ballot question, with the city or cities within the district's boundaries responsible for administering any elections conducted not in conjunction with a statewide election.

(f) A home rule charter jurisdiction that adopts a ranked choice voting system in its charter may adopt this chapter by reference in an ordinance but is not required to do so.

(g) Ranked choice voting must only be used to elect local offices at a general or special election.

(h) A jurisdiction that adopts the use of ranked choice voting in local elections must do so no later than 20 weeks before the state primary or 90 days before the first day for filing affidavits of candidacy for the office for which ranked choice voting is to be used as the method of election if the election is not held in conjunction with a state primary or state general election.

(i) Repeal of ranked choice voting must be no later than 90 days before the first day for filing affidavits of candidacy for offices for which ranked choice voting is used as the method of election.

(j) The ranked choice voting local election official must notify the secretary of state and, if applicable, the county auditor within four weeks following adoption or repeal of ranked choice voting.

Sec. 8. **[204E.04] BALLOTS IN LOCAL RANKED CHOICE VOTING ELECTIONS.**

Subdivision 1. **Ballot format.** (a) If there are three or more qualified candidates, a ballot must allow a voter to rank three candidates for each office in order of preference and must also allow the voter to add write-in candidates.

(b) A ballot must:

(1) include instructions to voters that clearly indicate how to mark the ballot;

(2) include instructions to voters that clearly indicate how to rank candidates in order of the voter's preference; and

(3) indicate the number of seats to be elected for each office.

Subd. 2. **Mixed-election method ballots.** If elections are held in which ranked choice voting is used in addition to other methods of voting, the ranked choice voting and nonranked choice voting elections must be on the same ballot card if possible, with ranked choice voting and nonranked choice voting portions clearly separated. A jurisdiction may not deviate from the standard ballot order of federal offices, state offices, or state constitutional amendments, but may deviate from the standard ballot order for other offices to allow separation of ranked choice voting and nonranked choice voting elections.

Subd. 3. **Ballot format rules.** The secretary of state must adopt rules regarding ranked choice voting ballot format, consistent with this section. Notwithstanding section 204B.36, the rules adopted under this subdivision may provide a standard for ballot format that differs from the standards required by that section.

Sec. 9. **[204E.05] LOCAL RANKED CHOICE VOTING TABULATION CENTER.**

Subdivision 1. **Tabulation of votes; generally.** The ranked choice voting local election official must designate one location to serve as the ranked choice voting tabulation center. If the tabulation includes a manual count of physical ballots, the center must be accessible to the public for the purpose of observing the vote tabulation. Tabulation of votes must be conducted as described in sections 204E.06 and 204E.07.

Subd. 2. **Precinct tabulation.** In an election where ranked choice voting is used, the county auditor, municipal clerk, or school district clerk shall deliver one set of summary statements; all spoiled ballots; and the envelopes containing the ballots to the ranked choice voting tabulation center as soon as possible after the vote counting is completed and the election judges have returned materials pursuant to section 204C.27.

Subd. 3. **Notice of recess in count.** At any time following receipt of materials under subdivision 2, the ranked choice voting local election official may declare a recess. Notice of the recess must include the date, time, and location at which the process of recording and tabulating votes will resume and the reason for the recess. Notice must be posted on the local jurisdiction's official bulletin board and on the door of the ranked choice voting tabulation center. During any recess, all electronic voting data and ballots must be secured.

Subd. 4. **Recording write-in votes.** (a) At a time set by the ranked choice voting local election official, the judges and any other election officials designated by the ranked choice voting local election official shall convene at the ranked choice voting tabulation center to examine ballots on which voters have indicated a write-in choice and record the names and number of votes received by each write-in candidate who submits a request as required by this subdivision. The number of votes received by write-in candidates who did not file a request as provided in this subdivision must be recorded as a group by office.

(b) Notwithstanding section 204B.09, subdivision 3, a candidate for a city or school district office whose election is governed by this chapter and who wants write-in votes for the candidate to be counted must file a written request with the filing officer not more than seven days before the election. The filing officer shall provide copies of the form to make the request. The filing officer shall not accept a written request later than 5:00 p.m. on the last day for filing a written request.

Subd. 5. **Ranked choice vote tabulation.** After all votes have been recorded, and at a time set by the ranked choice voting local election official, the process of tabulating votes cast for offices to be elected using the ranked choice method must begin. The counting must continue until preliminary results for all races are determined, subject to subdivision 3.

Sec. 10. **[204E.06] TABULATION OF VOTES; SINGLE-SEAT LOCAL RANKED CHOICE VOTING ELECTIONS.**

(a) This section applies to a ranked choice voting election in which one seat in an office is to be filled from a single set of candidates on the ballot. The method of tabulating ranked choice votes for single-seat elections as described in this section must be known as the "single-seat single transferable vote" method of tabulation.

(b) A first ranked choice tabulation shall be done under this paragraph before a tabulation as described in paragraph (c). A first ranked choice tabulation will consist of a first round only. Under the first ranked choice tabulation, the vote total will be the sum of the ranked votes marked number one. The maximum possible threshold must be determined. If the vote total for a candidate, other than an undeclared or a declared write-in candidate, is equal to or greater than the maximum possible threshold, that candidate is declared elected and the tabulation is complete. If the vote total for no candidate, other than an undeclared or a declared write-in candidate, is equal to or greater than the maximum possible threshold, additional rounds must be performed as provided in paragraph (c).

(c) Tabulation of votes at the ranked choice voting tabulation center must proceed in rounds for each office to be counted. The threshold must be calculated. The sum of all ranked choice votes for every candidate must be calculated. Each round must proceed sequentially as follows:

(1) the number of votes cast for each candidate, as indicated by the highest continuing ranking on each ballot, must be counted. If a candidate, other than an undeclared write-in candidate, has a vote total that is equal to or greater than the threshold, that candidate is declared elected and the tabulation is complete. If no candidate, other than an undeclared write-in candidate, has a vote total that is equal to or greater than the threshold, a new round begins and the tabulation must continue as described in clause (2);

(2) at the beginning of the second round only, all undeclared candidates must be defeated and all candidates for whom it is mathematically impossible to be elected may be defeated simultaneously. For third and subsequent rounds, the candidate with the fewest votes must be defeated and all candidates for whom it is mathematically impossible to be elected may be defeated simultaneously. Votes for the defeated candidates must be transferred to each ballot's next-ranked continuing candidate, except votes for candidates defeated in the final round are not transferred if, by their defeat, the number of continuing candidates is reduced to one. If no candidate can be defeated under this clause, the tabulation must continue as described in clause (3). Otherwise, the tabulation must continue as described in clause (4);

(3) the candidate with the fewest votes is defeated. Votes for the defeated candidate must be transferred to each ballot's next-ranked continuing candidate, except votes for candidates defeated in the final round are not transferred if, by their defeat, the number of continuing candidates is reduced to one. Ties between candidates with the fewest votes must be resolved by lot by the ranked choice voting local election official. The candidate chosen by lot must be defeated. The result of the tie resolution must be recorded and reused in the event of a recount;

(4) the procedures in clauses (1) to (3) must be repeated until one candidate reaches the threshold. When only one continuing candidate remains, that continuing candidate must be elected; and

(5) when a skipped ranking, overvote, or repeat candidate ranking is encountered on a ballot, that ballot shall count toward the highest continuing ranking that is not a skipped ranking, overvote, or repeat candidate ranking. If any ballot cannot be advanced because no further continuing candidates are ranked on that ballot, or because the

only votes for further continuing candidates that are ranked on that ballot are either overvotes or repeat candidate rankings, the ballot shall not count toward any candidate in that round or in subsequent rounds for the office being counted.

Sec. 11. [204E.07] TABULATION OF VOTES; MULTIPLE-SEAT LOCAL RANKED CHOICE VOTING ELECTIONS.

(a) This section applies to a ranked choice voting election in which two or more seats in office are to be filled from a single set of candidates on the ballot. The method of tabulating ranked choice votes for multiple-seat elections as described in this section must be known as the "multiple-seat single transferable vote" method of tabulation.

(b) A first ranked choice tabulation shall be done under this paragraph before a tabulation as described in paragraph (c). A first ranked choice tabulation will consist of a first round only. Under the first ranked choice tabulation, the vote total will be the sum of the ranked votes marked number one. The maximum possible threshold must be determined. If the number of candidates, other than any undeclared or declared write-in candidate, whose vote total is equal to or greater than the maximum possible threshold is equal to the number of seats to be filled, those candidates are declared elected and the tabulation is complete. If the number of candidates, other than any undeclared or declared write-in candidate, whose vote total is equal to or greater than the maximum possible threshold is less than the number of seats to be filled, additional rounds must be performed as provided in paragraph (c).

(c) Tabulation of votes at the ranked choice voting tabulation center must proceed in rounds for each office to be counted. The threshold must be calculated. The sum of all ranked choice votes for every candidate must be calculated. Each round must proceed sequentially as follows:

(1) the number of votes cast for each candidate for the current round must be counted. If the number of candidates, other than any undeclared write-in candidate, whose vote total is equal to or greater than the threshold is equal to the number of seats to be filled, those candidates who are continuing candidates are elected and the tabulation is complete. If the number of candidates, other than any undeclared write-in candidate, whose vote total is equal to or greater than the threshold is not equal to the number of seats to be filled, a new round begins and the tabulation must continue as described in clause (2);

(2) surplus votes for any candidates whose vote total is equal to or greater than the threshold must be calculated;

(3) the candidate with the largest surplus is declared elected and that candidate's surplus is transferred. A tie between two or more candidates must be resolved by lot by the ranked choice voting local election official. The surplus of the candidate chosen by lot must be transferred before other transfers are made. The result of the tie resolution must be recorded and reused in the event of a recount. The transfer value of each vote cast for an elected candidate must be transferred to the next continuing candidate on that ballot. If no candidate has a surplus, the tabulation must continue as described in clause (4). Otherwise, the tabulation must continue as described in clause (1);

(4) if there are no transferable surplus votes, the candidate with the fewest votes is defeated. Votes for a defeated candidate are transferred at their transfer value to each ballot's next-ranked continuing candidate, except votes for candidates defeated in the final round are not transferred if, by their defeat, the number of continuing candidates is reduced to the number of seats yet to be filled. Ties between candidates with the fewest votes must be resolved by lot by the ranked choice voting local election official, and the candidate chosen by lot must be defeated. The result of the tie resolution must be recorded and reused in the event of a recount;

(5) the procedures in clauses (1) to (4) must be repeated until the number of candidates whose vote total is equal to or greater than the threshold is equal to the number of seats to be filled, or until the number of continuing candidates is equal to the number of seats yet to be filled. If the number of continuing candidates is equal to the number of seats yet to be filled, any remaining continuing candidates must be declared elected; and

(6) when a skipped ranking, overvote, or repeat candidate ranking is encountered on a ballot, that ballot shall count toward the highest continuing ranking that is not a skipped ranking, overvote, or repeat candidate ranking. If any ballot cannot be advanced because no further continuing candidates are ranked on that ballot, or because the only votes for further continuing candidates that are ranked on that ballot are either overvotes or repeat candidate rankings, the ballot shall not count toward any candidate in that round or in subsequent rounds for the office being counted.

Sec. 12. **[204E.08] LOCAL RANKED CHOICE VOTING ELECTIONS; REPORTING RESULTS.**

(a) In addition to the requirements of section 204C.24, each precinct must print an additional precinct summary statement, which must include the number of first choices cast for each candidate in that precinct.

(b) The ranked choice voting local election official must provide a tabulation summary statement of each contest with the following information:

(1) total votes cast;

(2) number of undervotes;

(3) number of totally defective and spoiled ballots;

(4) threshold calculation;

(5) total first choice rankings for all candidates;

(6) round-by-round tabulation results, including simultaneous batch eliminations, surplus transfers if applicable, and defeated candidate transfers; and

(7) inactive ballots at each round.

(c) In jurisdictions where ballots are scanned and recorded electronically, the ranked choice voting local election official must provide an electronically available spreadsheet of the cast vote record, consistent with the requirements of section 206.845.

(d) The jurisdiction must canvass the election returns pursuant to applicable state statutes for the election being held, and the canvassing board report must include the information required in the ranked choice voting tabulation center summary statement, with the addition of the number of persons registered to vote before election day by precinct, the number of persons registered on election day by precinct, and the number of accepted regular, military, and overseas absentee ballots and mail ballots. If the election is held in conjunction with a state general election, the canvass report must also include the number of federal office only absentee ballots and, if applicable, the number of presidential absentee ballots.

Sec. 13. **[204E.09] LOCAL RANKED CHOICE ELECTION RECOUNTS.**

(a) A candidate defeated in the final round of tabulation may request a recount as provided in section 204C.361, to the extent applicable. For the purpose of ranked choice voting recounts, the recount official and filing officer is the ranked choice voting local election official.

(b) A candidate defeated in the final round of tabulation when the vote difference is greater than that provided in section 204C.36 may request a recount at the candidate's own expense. A candidate defeated in an earlier round of tabulation may request a recount at the candidate's own expense. The candidate is responsible for all expenses associated with the recount, regardless of the vote difference between the candidates in the round in which the requesting candidate was defeated. The requesting candidate shall file with the filing officer a bond, cash, or surety in an amount set by the filing officer for the payment of the recount expenses. Expenses must be determined as provided in section 204C.36, subdivision 4.

(c) The secretary of state must adopt rules governing recounts conducted under this section.

(d) At the discretion of the recount official, in the case of a recount under paragraph (a) or (b) or by the requesting candidates, a recount may commence with the earliest tabulation round in which any requesting candidate was defeated or any prior round. All other candidates who, in the initial tabulation, were defeated prior to the round in which the recount starts may be presumed to have been correctly defeated.

Sec. 14. **[204E.10] LOCAL RANKED CHOICE ELECTIONS; POSTELECTION REVIEW.**

Subdivision 1. **Selection of test date; notice.** At the canvass, the ranked choice voting local election official must select by lot the offices and precincts to be reviewed and set the date, time, and place for the postelection review, in accordance with section 206.89. Postelection review is not required for a hand count election.

Subd. 2. **Scope and conduct of test.** The postelection review must be conducted in public and must review a sample of ballots cast for at least one single-seat ranked-choice voting election and at least one multiple-seat election, if such an election occurred.

Subd. 3. **Review.** (a) For each office to be reviewed, the number of precincts selected for review shall be determined as follows. If the office was voted on in fewer than five precincts, one precinct shall be selected. If the office was voted on in at least five precincts and fewer than 50 precincts, two precincts shall be selected. If the office was voted on in at least 50 precincts and fewer than 100 precincts, three precincts shall be selected. If the office was voted on in at least 100 precincts, four precincts or three percent of the total number of precincts in the election shall be selected, whichever is greater.

(b) For each office voted on in a county election, the ranked choice voting local election official may select precincts as specified in paragraph (a) or use the precincts selected in accordance with section 206.89.

(c) Using the actual ballots cast in each precinct selected, the judges of the election shall conduct a hand-count tabulation of how many ballots contain each combination of candidates across the rankings. All undeclared write-in candidates shall be considered as a group in this hand count, and blank or overvoted rankings shall be included as such in the tabulated combinations.

Subd. 4. **Standard of acceptable performance by voting system.** A comparison of the results compiled by the voting system with the cast vote records compiled by the judges of the election performing the hand count must show that the results of the electronic voting system differed by no more than the applicable threshold provided in section 206.89, subdivision 4, from the hand count of the sample tested. Valid votes that have been marked by the voter outside the vote targets or using a manual marking device that cannot be read by the voting system must not be included in making the determination whether the voting system has met the standard of acceptable performance.

Subd. 5. **Additional review if needed.** An additional review is required if:

(1) a test reveals a difference greater than the threshold provided in section 206.89, subdivision 4, in at least one precinct of an office, the ranked choice voting local election official must immediately, publicly select by lot two additional precincts of the same office for review. The additional precinct review must be completed within two days after the precincts are selected and the results immediately reported to the county auditor; and

(2) the additional precinct review indicates a difference in the vote totals that is greater than the applicable threshold, as provided by section 206.89, subdivision 4, in at least one additional precinct of an office, the ranked choice voting local election official must conduct a review of the ballots from all the remaining precincts in the office being reviewed.

This review must be completed no later than two weeks after the canvass.

Subd. 6. **Report of results.** Upon completion of the postelection review, the ranked choice voting local election official must immediately report the results to the county auditor and make the results available to the public.

Subd. 7. **Update of vote totals.** If the postelection review under this section results in a change in the number of votes counted for any candidate, the revised vote totals must be incorporated in the official result from those precincts.

Subd. 8. **Effect on voting systems.** If a voting system is found to have failed to record votes accurately and in the manner provided by this chapter, the voting system must not be used at another election until it has been approved for use by the county auditor, pursuant to section 206.58. In addition, the county auditor may order the city to conduct a hand recount of all ballots cast in the election.

Sec. 15. **[204E.11] RULES; LOCAL OPTION RANKED CHOICE VOTING.**

The secretary of state must adopt rules necessary to implement the requirements and procedures established by this chapter.

Sec. 16. Minnesota Statutes 2022, section 205.13, subdivision 2, is amended to read:

Subd. 2. **Notice of filing dates.** At least two weeks before the first day to file affidavits of candidacy, the municipal clerk shall publish a notice stating the first and last dates on which affidavits of candidacy may be filed in the clerk's office and the closing time for filing on the last day for filing. The clerk shall post a similar notice at least ten days before the first day to file affidavits of candidacy. If ranked choice voting pursuant to chapter 204E is to be used, the notice must indicate the method of election to be used for the offices on the ballot. The notice must separately list any office for which affidavits of candidacy may be filed to fill the unexpired portion of a term when a special election is being held to fill a vacancy as provided in section 412.02, subdivision 2a.

Sec. 17. Minnesota Statutes 2022, section 206.57, is amended by adding a subdivision to read:

Subd. 6a. **Required certification for ranked choice voting.** In addition to the requirements of this section, a voting system used to administer ranked choice voting under chapter 204E must provide a test lab report from a voting system test lab accredited by the Election Assistance Commission or other appropriate federal agency responsible for testing and certification of compliance with the federal voting systems guidelines at the time of submission of the application required by subdivision 1. The test lab report must show that the system is in conformity with voluntary voting system guidelines issued by the Election Assistance Commission or other appropriate federal agency.

Sec. 18. **[206.802] ELECTRONIC VOTING SYSTEMS; PURCHASING.**

A voting system purchased for use in Minnesota to administer ranked choice voting on or after the effective date of this section must have the ability to:

- (1) capture, store, and publicly report ballot data;
- (2) to the extent practicable, produce a single human-readable file for each contest on the ballot containing all cast vote records captured for that contest;
- (3) keep data anonymous;
- (4) accept ranked or cumulative voting data under a variety of tabulation rules;
- (5) be programmable to follow all other specifications of the ranked choice voting system or be compatible with automatic tabulating equipment or a software reallocation feature;
- (6) provide a minimum of three rankings for ranked choice voting elections;
- (7) to the extent practicable, notify voters of the following errors: overvotes, skipped rankings, and duplicate rankings in a ranked choice voting election; and
- (8) be programmable to print a zero tape indicating all rankings for all candidates in a ranked choice voting election.

EFFECTIVE DATE. This section is effective upon certification by the secretary of state that equipment meeting the standards required by this section is available for purchase and implementation.

Sec. 19. Minnesota Statutes 2023 Supplement, section 206.83, is amended to read:

206.83 TESTING OF VOTING SYSTEMS.

(a) At least three days before voting equipment is used, the official in charge of elections shall have the voting system tested to ascertain that the system will correctly mark ballots using all methods supported by the system, including ranked choice voting if applicable, and through assistive technology, and count the votes cast for all candidates and on all questions. Public notice of the time and place of the test must be given at least two days in advance by publication once in official newspapers. The test must be observed by at least two election judges, who are not of the same major political party, and must be open to representatives of the political parties, candidates, the press, and the public. The test must be conducted by (1) processing a preaudited group of ballots punched or marked to record a predetermined number of valid votes for each candidate and on each question, and must include for each office one or more ballot cards which have votes in excess of the number allowed by law in order to test the ability of the voting system tabulator and electronic ballot marker to reject those votes; and (2) processing an additional test deck of ballots marked using the electronic ballot marker for the precinct, including ballots marked using the electronic ballot display, audio ballot reader, and any assistive voting technology used with the electronic ballot marker. If an election is to be conducted using ranked choice voting, the equipment must also be tested to ensure that each ranking for each candidate is recorded properly.

(b) If any error is detected, the cause must be ascertained and corrected and an errorless count must be made before the voting system may be used in the election.

(c) After the completion of the test, the programs used and ballot cards must be sealed, retained, and disposed of as provided for paper ballots.

ARTICLE 3
CAMPAIGN FINANCE POLICY

Section 1. Minnesota Statutes 2022, section 10A.01, subdivision 7, is amended to read:

Subd. 7. **Ballot question.** "Ballot question" means a question or proposition that is placed on the ballot and that may be voted on by:

- (1) all voters of the state; or
- (2) all voters of ~~Hennepin County~~;
- ~~(3) all voters of any home rule charter city or statutory city located wholly within Hennepin County and having a population of 75,000 or more; or~~
- (4) all voters of Special School District No. 1 a county, city, school district, township, or special district.

"Promoting or defeating a ballot question" includes activities, other than lobbying activities, related to qualifying the question for placement on the ballot.

Sec. 2. Minnesota Statutes 2022, section 10A.01, subdivision 10d, is amended to read:

Subd. 10d. **Local candidate.** "Local candidate" means an individual who seeks nomination or election to:

- ~~(1) any county office in Hennepin County;~~
- ~~(2) any city office in any home rule charter city or statutory city located wholly within Hennepin County and having a population of 75,000 or more; or~~
- ~~(3) the school board in Special School District No. 1~~ a county, city, school district, township, or special district office.

Sec. 3. Minnesota Statutes 2023 Supplement, section 10A.20, subdivision 2a, is amended to read:

Subd. 2a. **Local election reports.** (a) This subdivision applies to a political committee, political fund, or political party unit that during a non-general election year:

- (1) spends in aggregate more than \$200 to influence the nomination or election of local candidates;
- (2) spends in aggregate more than \$200 to make independent expenditures on behalf of local candidates; or
- (3) spends in aggregate more than \$200 to promote or defeat ballot questions defined in section 10A.01, subdivision 7, clause (2), (3), or (4).

(b) In addition to the reports required by subdivision 2, the entities listed in paragraph (a) must file the following reports in each non-general election year:

- (1) a first-quarter report covering the calendar year through March 31, which is due April 14;
- (2) a report covering the calendar year through May 31, which is due June 14;

(3) a ~~pre-primary election~~ July report due 15 days before the local primary election date specified in section 205.065;

(4) a pre-general-election report due 42 days before the local general election; and

(5) a pre-general-election report due ten days before a local general election.

The reporting obligations in this paragraph begin with the first report due after the reporting period in which the entity reaches the spending threshold specified in paragraph (a). The ~~pre-primary~~ July report required under clause (3) is required for all entities required to report under paragraph (a), regardless of whether the candidate or issue is on the primary ballot or a primary is not conducted.

Sec. 4. Minnesota Statutes 2022, section 211A.01, subdivision 3, is amended to read:

Subd. 3. **Candidate.** "Candidate" means an individual who seeks nomination or election to a county, municipal, school district, or other political subdivision office. This definition does not include an individual seeking a judicial office. ~~For purposes of sections 211A.01 to 211A.05 and 211A.07, "candidate" also includes a candidate for the United States Senate or House of Representatives.~~

Sec. 5. Minnesota Statutes 2022, section 211A.01, is amended by adding a subdivision to read:

Subd. 4a. **Committee.** "Committee" means a group established by a candidate of two or more persons working together to support the election of the candidate to a political subdivision office. A committee may accept contributions and make disbursements on behalf of the candidate.

Sec. 6. Minnesota Statutes 2022, section 211A.01, subdivision 7, is amended to read:

Subd. 7. **Filing officer.** "Filing officer" means the officer authorized by law to accept affidavits of candidacy or nominating petitions for an office ~~or the officer authorized by law to place a ballot question on the ballot.~~

Sec. 7. Minnesota Statutes 2022, section 211A.01, subdivision 8, is amended to read:

Subd. 8. **Political purposes.** An act is done for "political purposes" if it is of a nature, done with the intent, or done in a way to influence or tend to influence, directly or indirectly, voting for a candidate at a primary or an election or if it is done because a person is about to vote, has voted, or has refrained from voting for a candidate at a primary or an election.

Sec. 8. Minnesota Statutes 2023 Supplement, section 211A.02, subdivision 1, is amended to read:

Subdivision 1. **When and where filed by committees or candidates.** (a) A committee or a candidate who receives contributions or makes disbursements of more than \$750 in a calendar year shall submit an initial report to the filing officer within 14 days after the candidate or committee receives or makes disbursements of more than \$750 and ~~shall~~ must continue to make the reports ~~listed in paragraph (b)~~ required by this subdivision until a final report is filed.

(b) ~~The committee or~~ In a year in which a candidate must file a report by January 31 of each year following the year when the initial report was filed and in a year when receives contributions or makes disbursements of more than \$750 or the candidate's name or a ballot question appears on the ballot, the candidate or committee shall must file a report:

(1) ~~ten 15~~ days before the primary or special primary. This report is required if a primary is held in the jurisdiction, regardless of whether the candidate or issue is on the primary ballot or. If a primary is not conducted, the report is due 15 days before the primary date specified in section 205.065;

(2) seven days before a special primary, if one is conducted;

~~(2)~~ (3) ten days before the general election or special election; and

~~(3)~~ (4) 30 days after a general or special election.

The reporting obligations in this paragraph begin with the first report due after the reporting period in which the candidate reaches the spending threshold specified in paragraph (a). A candidate who did not file for office is not required to file reports required by this paragraph that are due after the end of the filing period. A candidate whose name will not be on the general election ballot is not required to file the reports required by clauses (3) and (4).

(c) Until a final report is filed, a candidate must file a report by January 31 of each year following a year in which:

(1) an initial report was filed;

(2) the candidate receives contributions or made disbursements of more than \$750; or

(3) the candidate's name appears on the ballot.

Notwithstanding subdivision 2, clause (4), the report required by this subdivision must only include the information from the previous calendar year.

Sec. 9. Minnesota Statutes 2022, section 211A.02, subdivision 2, is amended to read:

Subd. 2. **Information required.** The report to be filed by a candidate or committee must include:

(1) the name of the candidate ~~or ballot question~~ and office sought;

(2) the printed name, address, telephone number, signature, and email address, if available, of the person responsible for filing the report;

(3) the total cash on hand designated to be used for political purposes;

(4) the total amount of contributions received and the total amount of disbursements for the period from the last previous report to five days before the current report is due;

(5) the amount, date, and purpose for each disbursement if disbursements made to the same vendor exceed \$100 in the aggregate during the period covered by the report; and

(6) the name, address, and employer, or occupation if self-employed, of any individual or ~~committee entity~~ that during the ~~year period covered by the report~~ has made one or more contributions that in the aggregate exceed \$100, and the amount and date of each contribution. The filing officer must restrict public access to the address of any individual who has made a contribution that exceeds \$100 and who has filed with the filing officer a written statement signed by the individual that withholding the individual's address from the financial report is required for the safety of the individual or the individual's family.

Sec. 10. Minnesota Statutes 2022, section 211A.05, subdivision 1, is amended to read:

Subdivision 1. **Penalty.** A candidate who intentionally fails to file a report required by section 211A.02 or a certification required by this section is guilty of a misdemeanor. The treasurer of a committee ~~formed to promote or defeat a ballot question~~ who intentionally fails to file a report required by section 211A.02 or a certification required by this section is guilty of a misdemeanor. Each candidate or treasurer of a committee ~~formed to promote or defeat a ballot question shall~~ must certify to the filing officer that all reports required by section 211A.02 have been submitted to the filing officer or that the candidate or committee has not received contributions or made disbursements exceeding \$750 in the calendar year. The certification ~~shall~~ must be submitted to the filing officer no later than seven days after the general or special election. The secretary of state ~~shall~~ must prepare blanks for this certification. An officer who issues a certificate of election to a candidate who has not certified that all reports required by section 211A.02 have been filed is guilty of a misdemeanor.

Sec. 11. Minnesota Statutes 2022, section 211A.06, is amended to read:

211A.06 FAILURE TO KEEP ACCOUNT; PENALTY.

A candidate, treasurer, or other individual who receives money for a committee is guilty of a misdemeanor if the individual:

- (1) fails to keep a correct account as required by law;
- (2) mutilates, defaces, or destroys an account record; or
- (3) in the case of a committee, refuses upon request to provide financial information to a candidate; and
- (4) does any of these things with the intent to conceal receipts or disbursements, the purpose of receipts or disbursements, or the existence or amount of an unpaid debt or the identity of the person to whom it is owed.

Sec. 12. Minnesota Statutes 2022, section 211A.07, is amended to read:

211A.07 BILLS WHEN RENDERED AND PAID.

A person who has a bill, charge, or claim against a ~~candidate's~~ candidate or a committee ~~shall~~ must render it in writing to the candidate or committee within 60 days after the material or service is provided. A bill, charge, or claim that is not presented within 60 days after the material or service is provided must not be paid.

Sec. 13. Minnesota Statutes 2022, section 211A.12, is amended to read:

211A.12 CONTRIBUTION LIMITS.

(a) A candidate or ~~a candidate's~~ committee may not accept aggregate contributions made or delivered by an individual or an association, a political committee, political fund, or political party unit in excess of \$600 in an election year for the office sought and \$250 in other years; except that a candidate or a candidate's committee for an

office whose territory has a population over 100,000 may not accept aggregate contributions made or delivered by an individual or an association, a political committee, political fund, or political party unit in excess of \$1,000 in an election year for the office sought and \$250 in other years.

(b) The following deliveries are not subject to the bundling limitation in this section:

(1) delivery of contributions collected by a member of the candidate's committee, such as a block worker or a volunteer who hosts a fundraising event, to the committee's treasurer; and

(2) a delivery made by an individual on behalf of the individual's spouse.

(c) Notwithstanding sections 211A.02, subdivision 3, and 410.21, this section supersedes any home rule charter.

(d) For purposes of this section, the terms "political committee," "political fund," and "political party unit" have the meanings given in section 10A.01.

Sec. 14. Minnesota Statutes 2022, section 211A.14, is amended to read:

211A.14 CONTRIBUTIONS AND SOLICITATIONS DURING LEGISLATIVE SESSION.

A legislator or state constitutional officer who is a candidate ~~for a county, city, or town office,~~ under this chapter, the candidate's principal campaign committee, and any other political committee with the candidate's name or title may not solicit or accept a contribution from a political committee, political fund, or ~~registered~~ lobbyist during a regular session of the legislature. For purposes of this section, the terms "political committee," "political fund," and "lobbyist" have the meanings given in section 10A.01.

Sec. 15. **REPEALER.**

Minnesota Statutes 2022, sections 211A.01, subdivisions 2 and 4; and 211A.02, subdivision 4, are repealed."

Delete the title and insert:

"A bill for an act relating to elections; providing funding and modifying policy for elections, campaign finance, and the secretary of state; establishing local ranked choice voting provisions; establishing the voting rights act cost sharing account; modifying transfers and appropriations; appropriating money; amending Minnesota Statutes 2022, sections 10A.01, subdivisions 7, 10d; 204B.35, subdivision 1; 204C.21, by adding a subdivision; 204D.07, subdivision 3; 205.13, subdivision 2; 206.57, by adding a subdivision; 211A.01, subdivisions 3, 7, 8, by adding a subdivision; 211A.02, subdivision 2; 211A.05, subdivision 1; 211A.06; 211A.07; 211A.12; 211A.14; Minnesota Statutes 2023 Supplement, sections 10A.20, subdivision 2a; 206.83; 211A.02, subdivision 1; Laws 2021, First Special Session chapter 12, article 1, section 6; Laws 2023, chapter 62, article 1, sections 6; 43; proposing coding for new law in Minnesota Statutes, chapters 200; 206; proposing coding for new law as Minnesota Statutes, chapter 204E; repealing Minnesota Statutes 2022, sections 211A.01, subdivisions 2, 4; 211A.02, subdivision 4."

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

The report was adopted.

Liebling from the Committee on Health Finance and Policy to which was referred:

H. F. No. 4738, A bill for an act relating to health; establishing an Office of Emergency Medical Services to replace the Emergency Medical Services Regulatory Board; specifying duties for the office; transferring duties; establishing advisory councils; establishing alternative EMS response model pilot program; making conforming changes; amending Minnesota Statutes 2022, sections 62J.49, subdivision 1; 144E.001, by adding subdivisions; 144E.16, subdivision 5; 144E.19, subdivision 3; 144E.27, subdivision 5; 144E.28, subdivisions 5, 6; 144E.285, subdivision 6; 144E.287; 144E.305, subdivision 3; 214.025; 214.04, subdivision 2a; 214.29; 214.31; 214.355; Minnesota Statutes 2023 Supplement, sections 15A.0815, subdivision 2; 43A.08, subdivision 1a; 152.126, subdivision 6; proposing coding for new law in Minnesota Statutes, chapter 144E; repealing Minnesota Statutes 2022, sections 144E.001, subdivision 5; 144E.01; 144E.123, subdivision 5; 144E.50, subdivision 3.

Reported the same back with the following amendments:

Page 2, delete line 26, and insert "(9) to report to the legislature, by February 15 each year, on the work of the office and the advisory councils in the previous calendar year and with recommendations for any needed policy changes related to emergency medical services, including but not limited to improving access to emergency"

Page 2, line 28, after "system" insert ". The director must develop the reports and recommendations in consultation with the office's deputy directors and advisory councils"

Page 3, line 11, after the period, insert "The deputy director of medical services must be a physician licensed under chapter 147."

Page 4, line 29, delete "League of" and insert "Coalition of Greater"

Page 10, delete line 13

Page 18, delete lines 13 and 26

Page 19, delete line 11

Page 19, delete line 31 and insert:

"Sec. 23. **APPROPRIATION.**

(a) \$6,000,000 in fiscal year 2025 is appropriated from the general fund to the Emergency Medical Services Regulatory Board for the alternative EMS response model pilot program in Minnesota Statutes, section 144E.105.

(b) This is a onetime appropriation and is available until June 30, 2026."

Page 20, delete line 24

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, after "changes;" insert "requiring a report; appropriating money;"

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

The report was adopted.

Pursuant to Joint Rule 2.03 and in accordance with Senate Concurrent Resolution No. 8, H. F. No. 4738 was re-referred to the Committee on Rules and Legislative Administration.

Acomb from the Committee on Climate and Energy Finance and Policy to which was referred:

H. F. No. 4975, A bill for an act relating to state government; repealing the renewable development account report; amending Minnesota Statutes 2023 Supplement, section 116C.779, subdivision 1.

Reported the same back with the recommendation that the bill be re-referred to the Committee on Ways and Means.

The report was adopted.

Pursuant to Joint Rule 2.03 and in accordance with Senate Concurrent Resolution No. 8, H. F. No. 4975 was re-referred to the Committee on Rules and Legislative Administration.

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

H. F. No. 4984, A memorial resolution requesting the Joint Committee on the Library of Congress of the United States Congress to approve replacement of the statue of Henry Mower Rice now on display in National Statuary Hall in the Capitol of the United States.

Reported the same back with the following amendments:

Page 2, line 27, delete "recast" and insert "contract with the Koh-Varilla Guild, Inc., to replicate"

Page 2, line 32, delete "Minnesota State" and insert "State of Minnesota"

Page 2, line 33, delete "Historical Society"

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

The report was adopted.

Klevorn from the Committee on State and Local Government Finance and Policy to which was referred:

H. F. No. 5040, A bill for an act relating to retirement; authorizing eligible employees of the Minnesota State Colleges and Universities who are members of the higher education individual retirement account plan to elect coverage by the Teachers Retirement Association and purchase past service credit; requiring an annual report; appropriating money for offsetting the cost of service credit purchases; amending Minnesota Statutes 2022, section 354B.20, subdivision 18, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 354B.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
TEACHER PENSIONS

Section 1. Minnesota Statutes 2023 Supplement, section 354.05, subdivision 38, is amended to read:

Subd. 38. **Normal retirement age.** "Normal retirement age" means age 65 for a person who first became a member of the association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989. Through June 30, ~~2025~~ 2024, for a person who first becomes a member of the association after June 30, 1989,

normal retirement age means the higher of age 65 or "retirement age," as defined in United States Code, title 42, section 416(1), as amended, but not to exceed age 66. Beginning July 1, ~~2025~~ 2024, normal retirement age for all members means age 65.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2023.

Sec. 2. Minnesota Statutes 2023 Supplement, section 354A.12, subdivision 1, is amended to read:

Subdivision 1. **Employee contributions.** (a) The contribution required to be paid by each member is the percentage of total salary specified below for the applicable program:

Program	Percentage of Total Salary
basic program after June 30, 2016, through June 30, 2023	10 percent
basic program after June 30, 2023, through June 30, 2025 <u>2024</u>	10.25 percent
<u>basic program after June 30, 2024, through June 30, 2025</u>	<u>10</u>
<u>basic program after June 30, 2025, through June 30, 2026</u>	<u>11.25</u>
basic program after June 30, 2025 <u>2026</u>	11.5 percent
coordinated program after June 30, 2016, through June 30, 2023	7.5 percent
coordinated program after June 30, 2023, through June 30, 2025 <u>2024</u>	7.75 percent
<u>coordinated program after June 30, 2024, through June 30, 2025</u>	<u>7.5</u>
<u>coordinated program after June 30, 2025, through June 30, 2026</u>	<u>8.75</u>
coordinated program after June 30, 2025 <u>2026</u>	9 percent

(b) Contributions must be made by deduction from salary and must be remitted directly to the ~~St. Paul Teachers Retirement Fund~~ association at least once each month.

(c) When an employee contribution rate changes for a fiscal year, the new contribution rate is effective for the entire salary paid by the employer with the first payroll cycle reported.

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

Sec. 3. Minnesota Statutes 2022, section 354B.20, is amended by adding a subdivision to read:

Subd. 10a. **IRAP to TRA transfer account.** "IRAP to TRA transfer account" means the account established under section 354B.215, subdivision 11.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 4. Minnesota Statutes 2022, section 354B.20, is amended by adding a subdivision to read:

Subd. 11a. **Offset amount.** "Offset amount" means the lesser of \$10,000 or 25 percent of the cost to purchase the maximum past service credit by an eligible person under section 354B.215, subdivision 6, except that, if the eligible person elects to purchase, under section 354B.215, subdivision 6, paragraph (c), less than the maximum past service credit, the offset amount must not exceed the cost to purchase the amount of past service credit elected.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 5. Minnesota Statutes 2022, section 354B.20, subdivision 18, is amended to read:

Subd. 18. **Teachers Retirement ~~plan~~ Association.** "Teachers Retirement ~~plan~~ Association" means the retirement plan established by chapter 354.

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

Sec. 6. **[354B.215] TEACHERS RETIREMENT ASSOCIATION COVERAGE FOR EMPLOYEES WHO DID NOT RECEIVE ELECTION TO TRANSFER.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the terms defined in this subdivision have the meanings given them, unless the context clearly indicates another meaning is intended.

(b) "Executive director" means the executive director of the Teachers Retirement Association.

(c) "Individual retirement account plan" means the individual retirement account plan governed by chapter 354B.

(d) "Maximum past service credit" means service credit for the period beginning with the date the eligible person was first covered by the individual retirement account plan to the transfer date.

(e) "Minnesota State" means the Minnesota State Colleges and Universities.

(f) "Transfer date" means the date selected by the executive director under subdivision 5 for the purpose of preparing the estimates required by subdivision 5.

Subd. 2. **Authority to transfer coverage.** Notwithstanding any provision of law to the contrary, an eligible person described in subdivision 3 is authorized to become a member of the Teachers Retirement Association and purchase service credit upon making an election under subdivision 6.

Subd. 3. **Eligible person.** (a) An eligible person is a person who:

(1) is employed by Minnesota State;

(2) has an account in the individual retirement account plan; and

(3) satisfies paragraph (b).

(b) A person satisfies this paragraph if Minnesota State is not able to produce at least one of the following items by the end of the 60-day period under subdivision 4, paragraph (b):

(1) a record indicating that the person received notice regarding the person's eligibility to elect prospective coverage by the Teachers Retirement Association within the election period under section 354B.211, subdivision 4 or 6, or its predecessor;

(2) a record that the person elected retirement coverage by the individual retirement account plan; or

(3) other credible documentation demonstrating that the person was aware of the person's right to elect retirement coverage by the Teachers Retirement Association.

Subd. 4. **Eligible person application; information required from Minnesota State.** (a) To elect coverage by the Teachers Retirement Association, an eligible person must submit a written application to the chancellor on a form provided by Minnesota State. The application must include:

(1) an attestation that the person was not informed of the right to elect a transfer from the individual retirement account plan to the Teachers Retirement Association and the person was unaware of the right to elect such a transfer;

(2) the date on which the person first became a participant in the individual retirement account plan;

(3) a signed release authorizing Minnesota State to provide employment and other personnel information to the Teachers Retirement Association; and

(4) any other information that Minnesota State may require.

(b) No later than 60 days after receipt of the application under paragraph (a), Minnesota State must verify the information provided by the person in the application, determine whether the person is an eligible person under subdivision 3, and provide a written response to the person regarding the determination of eligibility. If Minnesota State determines that the person is not an eligible person, Minnesota State must include a copy of any documentation identified in subdivision 3, paragraph (b), in its written response to the person.

(c) If Minnesota State determines that the person is an eligible person under subdivision 3, Minnesota State must forward to the executive director:

(1) the application;

(2) confirmation or modification of the information provided by the eligible person in the application;

(3) salary history for the eligible person;

(4) an estimate of the amount available for transfer from the eligible person's account in the individual retirement account plan to the Teachers Retirement Association; and

(5) any other relevant information.

Subd. 5. Determination of service credit purchase amounts. (a) Upon receipt of the application and information under subdivision 4, the executive director must prepare estimates of the following as of a prospective transfer date selected by the executive director that is no later than 90 days after receiving the application and information under subdivision 4:

(1) the purchase payment amount determined under section 356.551 to purchase the maximum past service credit;

(2) the amount of service credit the eligible person would receive if the amount estimated under subdivision 4, paragraph (c), clause (4), is transferred to the Teachers Retirement Association and used to purchase service credit under section 356.551;

(3) the purchase payment amount for additional years of service credit, if any, not to exceed the maximum past service credit; and

(4) the offset amount attributable to the eligible person.

(b) No later than 90 days after receiving the application and information under subdivision 4, the executive director must send a written communication to the eligible person with the amounts determined in paragraph (a) and inform Minnesota State of the offset amount. The executive director may charge the eligible person a reasonable fee to cover the costs of calculating the amounts required by paragraph (a).

(c) Minnesota State must notify the eligible person and the executive director no later than 30 days after receiving notice of the offset amount from the executive director under paragraph (b) if there are sufficient funds in the IRAP to TRA transfer account to pay the full offset amount or, if there are not sufficient funds, the portion of the offset amount, if any, that will be paid.

Subd. 6. Election to transfer coverage and purchase of service credit. (a) No later than 60 days after the executive director sends the written communication required by subdivision 5, the eligible person may elect to transfer coverage from the individual retirement account plan to the Teachers Retirement Association effective as of the transfer date.

(b) If the eligible person elects to transfer coverage under paragraph (a), the available balance in the eligible person's account in the individual retirement account plan must be transferred to the Teachers Retirement Association, not to exceed the amount required by the Teachers Retirement Association to purchase the maximum past service credit, as adjusted for the offset amount, if any.

(c) If the available balance in the eligible person's account in the individual retirement account plan plus the offset amount, if any, is less than the amount needed to cover the cost to purchase the maximum past service credit, the eligible person must:

(1) direct the transfer of funds from the eligible person's account in the higher education supplemental retirement plan established under chapter 354C, from a source specified in section 356.441, subdivision 1, or from more than one of the foregoing sources in an amount, in total, sufficient to cover the rest of the cost to purchase the maximum past service credit; or

(2) elect fewer years or partial years of service credit corresponding to the amount of service credit that may be purchased using the funds transferred from the individual retirement account plan, the offset amount, and if directed by the eligible person, funds from any of the sources described in clause (1).

(d) Minnesota State must promptly initiate the transfer of funds or work with the eligible person to initiate the transfer of funds to the Teachers Retirement Association from the eligible person's account in the individual retirement account plan and, if directed by the eligible person under paragraph (c), from any other account over which Minnesota State has the authority to initiate or approve transfers when directed by a participant.

(e) Unless the balance in the IRAP to TRA transfer account is zero, Minnesota State must direct a transfer to the Teachers Retirement Association of an amount that is equal to the offset amount attributable to the eligible person. If the balance in the IRAP to TRA transfer account is less than the amount needed to transfer the offset amount, Minnesota State must direct a transfer of the remaining balance in the IRAP to TRA transfer account to the Teachers Retirement Association.

Subd. 7. Commencement of membership in the Teachers Retirement Association. (a) Upon receipt by the Teachers Retirement Association of the transfer or transfers under subdivision 6, the eligible person's membership in the Teachers Retirement Association commences effective as of the transfer date and the executive director must grant past service credit to the eligible person.

(b) The executive director may adjust the amount of past service credit granted to the eligible person as necessary to ensure that the Teachers Retirement Association does not receive less than required to cover the cost of the past service credit granted.

(c) Upon membership commencement, the eligible person ceases to be an active participant in the individual retirement account plan.

(d) Upon membership commencement, the person's membership status is irrevocable. Neither Minnesota State nor the Teachers Retirement Association may seek to revoke the eligible person's membership status due to events, including but not limited to Minnesota State producing documentation that would have previously disqualified the person as an eligible person under subdivision 3.

Subd. 8. **Service credit for vesting.** The Teachers Retirement Association must grant service credit to the eligible person for all years or partial years of service with Minnesota State for the purpose of vesting in a retirement annuity under section 354.44 or in a retirement benefit under section 354.46 or 354.48.

Subd. 9. **Notice to employees.** No later than March 31, 2025, and periodically thereafter, Minnesota State must provide notice to all employees summarizing this section and offer assistance to any eligible person who wishes to elect to transfer coverage from the individual retirement account plan to the Teachers Retirement Association. Minnesota State must designate personnel responsible for assisting employees with the requirements of this section. The notice must identify these personnel and provide their contact information.

Subd. 10. **Annual report required.** The chancellor and the executive director must submit an annual report to the Legislative Commission on Pensions and Retirement stating the number of employees who elected a transfer during the prior calendar year. Without identifying any eligible person, the report must include for each eligible person the total amount transferred by the eligible person from the eligible person's account in the individual retirement account plan and other sources to purchase past service credit and the offset amount, if any. The report must be submitted to the Legislative Commission on Pensions and Retirement no later than January 31 of each year.

Subd. 11. **IRAP to TRA transfer account created.** (a) The IRAP to TRA transfer account is created in the special revenue fund.

(b) Minnesota State must use the money in the IRAP to TRA transfer account established under paragraph (a) to transfer amounts required by subdivision 6, paragraph (e), until the balance in the account is zero.

EFFECTIVE DATE. (a) Subdivisions 1 to 10 are effective January 1, 2025.

(b) Subdivision 11 is effective July 1, 2024.

Sec. 7. Laws 2022, chapter 65, article 3, section 1, subdivision 2, is amended to read:

Subd. 2. **Three-year Temporary suspension of earnings limitation for teachers covered by TRA and SPTRFA.** (a) Notwithstanding Minnesota Statutes, section 354.44, subdivision 5, no portion of a reemployed teacher's annuity paid under Minnesota Statutes, chapter 354, shall be deferred regardless of the amount of the salary earned from the teaching service during the preceding fiscal year. This paragraph applies only to salary earned during fiscal years 2022, 2023, ~~and 2024, 2025, 2026, and 2027~~ and annuity payments made during calendar years 2023, 2024, ~~and 2025, 2026, 2027, and 2028.~~

(b) Notwithstanding Minnesota Statutes, section 354A.31, subdivision 3, no portion of a reemployed teacher's annuity paid under Minnesota Statutes, chapter 354A, shall be deferred or forfeited regardless of the amount of the salary earned from the teaching service during the preceding calendar year. This ~~subdivision~~ paragraph applies only to salary earned during calendar years 2022, 2023, ~~and 2024, 2025, 2026, and 2027~~ and annuity payments made during calendar years 2023, 2024, ~~and 2025, 2026, 2027, and 2028.~~

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

Sec. 8. Laws 2022, chapter 65, article 3, section 1, subdivision 3, is amended to read:

Subd. 3. **Expiration date.** This section expires effective January 1, ~~2026~~ 2029.

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

ARTICLE 2
VOLUNTEER FIREFIGHTER RELIEF ASSOCIATIONS

Section 1. Minnesota Statutes 2022, section 424A.001, subdivision 4, is amended to read:

Subd. 4. **Relief association.** (a) "Relief association" or " ~~volunteer~~ firefighters relief association" means a ~~volunteer~~ firefighters relief association ~~or a volunteer firefighters division or account of a partially salaried and partially volunteer firefighters relief association~~ that is:

(1) organized and incorporated as a nonprofit corporation to provide retirement benefits to volunteer firefighters ~~and paid on-call firefighters~~ under chapter 317A and any laws of the state;

(2) governed by this chapter and sections 424A.091 to 424A.095; and

(3) directly associated with:

(i) a fire department established by municipal ordinance;

(ii) an independent nonprofit firefighting corporation that is organized under the provisions of chapter 317A and that operates primarily for firefighting purposes; or

(iii) a fire department operated as or by a joint powers entity that operates primarily for firefighting purposes.

(b) "Relief association" or " ~~volunteer~~ firefighters relief association" does not mean:

(1) the Bloomington Fire Department Relief Association governed by Laws 2013, chapter 111, article 5, sections 31 to 42; Minnesota Statutes 2000, chapter 424; and Laws 1965, chapter 446, as amended; or

(2) the statewide volunteer firefighter plan governed by chapter 353G.

(c) A relief association or ~~volunteer~~ firefighters relief association is a governmental entity that receives and manages public money to provide retirement benefits for individuals providing the governmental services of firefighting and emergency first response.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 2. Minnesota Statutes 2022, section 424A.001, subdivision 5, is amended to read:

Subd. 5. **Special fund.** "Special fund" means the special fund of a ~~volunteer~~ firefighters relief association ~~or the account for volunteer firefighters within the special fund of a partially salaried and partially volunteer firefighters relief association.~~

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 3. Minnesota Statutes 2022, section 424A.001, subdivision 8, is amended to read:

Subd. 8. **Firefighting service.** "Firefighting service," ~~if the applicable municipality approves for a fire department that is a municipal department, or if the applicable contracting municipality or municipalities approve for a fire department that is an independent nonprofit firefighting corporation, includes fire department service rendered~~ means duties performed by firefighters and, if approved by the appropriate municipality or municipalities, duties performed by fire prevention personnel.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 4. Minnesota Statutes 2022, section 424A.001, subdivision 9, is amended to read:

Subd. 9. **Separate from active service.** "Separate from active service" means that a firefighter permanently ceases to perform fire suppression duties ~~with a particular volunteer fire department, permanently ceases to perform~~ and fire prevention duties and, permanently ceases to supervise fire suppression duties, and ~~permanently ceases to supervise~~ fire prevention duties with a particular fire department.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 5. Minnesota Statutes 2022, section 424A.001, is amended by adding a subdivision to read:

Subd. 9b. **Firefighter.** "Firefighter" means a person who is a volunteer firefighter, paid on-call firefighter, part-time firefighter, full-time firefighter, career firefighter, or any combination thereof.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 6. Minnesota Statutes 2022, section 424A.001, subdivision 10, is amended to read:

Subd. 10. **Volunteer firefighter.** "Volunteer firefighter" means a ~~person firefighter who is a member of the applicable fire department or the independent nonprofit firefighting corporation~~ does not receive compensation per call or hour for firefighting services but who may receive reimbursement for expenses, who has a choice of availability in providing services with the fire department, and who is eligible for membership in the applicable a relief association and ~~associated with the fire department or participates in the statewide volunteer firefighter plan under chapter 353G.~~

(i) ~~is engaged in providing emergency response services or delivering fire education or prevention services as a member of a fire department;~~

(ii) ~~is trained in or is qualified to provide fire suppression duties or to provide fire prevention duties under subdivision 8; and~~

(iii) ~~meets any other minimum firefighter and service standards established by the fire department or specified in the articles of incorporation or bylaws of the relief association.~~

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 7. Minnesota Statutes 2022, section 424A.001, is amended by adding a subdivision to read:

Subd. 10a. **Paid on-call firefighter.** "Paid on-call firefighter" means a firefighter who receives compensation per call or per hour for firefighting services, who has a choice of availability regarding the firefighter's hours or scheduled shifts in providing services with the fire department, and who is eligible for membership in a relief association associated with the fire department or participates in the statewide volunteer firefighter plan under chapter 353G.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 8. Minnesota Statutes 2022, section 424A.001, is amended by adding a subdivision to read:

Subd. 10b. **Part-time firefighter.** "Part-time firefighter" means a firefighter who receives compensation per call or per hour for firefighting services, whose services with the fire department are scheduled, who is considered by the firefighter's employer to be in part-time employment, and who, as a result of providing firefighting services, is a member or is eligible to be a member of the general employees retirement plan or the public employees police and fire plan under chapter 353.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 9. Minnesota Statutes 2022, section 424A.001, is amended by adding a subdivision to read:

Subd. 10c. **Full-time firefighter or career firefighter.** "Full-time firefighter" or "career firefighter" means a firefighter who receives compensation per hour or a salary for firefighting services, whose services with the fire department are scheduled and who, as a result of providing firefighting services, is a member or is eligible to be a member of the general employees retirement plan or the public employees police and fire plan under chapter 353.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 10. Minnesota Statutes 2022, section 424A.003, is amended to read:

424A.003 CERTIFICATION OF SERVICE CREDIT.

(a) When a municipal fire department, a joint powers fire department, or an independent nonprofit firefighting corporation is directly associated with ~~the volunteer~~ a firefighters relief association, the fire chief shall certify annually by March 31 the service credit for the previous calendar year of each volunteer firefighter and paid on-call firefighter rendering active service with the fire department.

(b) The certification shall be made to an officer of the relief association's board of trustees and to the municipal clerk or clerk-treasurer of the largest municipality in population served by the associated fire department.

(c) The fire chief shall notify each volunteer firefighter and paid on-call firefighter rendering active service with the fire department of the amount of service credit rendered by the firefighter for the previous calendar year. Upon request, the fire chief shall provide the firefighter with a written explanation and documentation to support the determination of service credit. The service credit notification and a description of the process and deadlines for the firefighter to challenge the fire chief's determination of service credit must be provided to the firefighter at least 21 days prior to its certification to the relief association and municipality. If the service credit amount is challenged, the fire chief shall accept and consider any additional pertinent information and shall make a final determination of service credit.

(d) The service credit certification must be expressed as the number of completed months of the previous year during which an active volunteer firefighter or paid on-call firefighter rendered at least the minimum level of duties as specified and required by the fire department under the rules, regulations, and policies applicable to the fire department. No more than one year of service credit may be certified for a calendar year.

(e) If a volunteer firefighter or paid on-call firefighter who is a member of the relief association leaves active firefighting service to render active military service that is required to be governed by the federal Uniformed Services Employment and Reemployment Rights Act, as amended, the firefighter must be certified as providing service credit for the period of the military service, up to the applicable limit of the federal Uniformed Services Employment and Reemployment Rights Act. If the volunteer firefighter or paid on-call firefighter does not return from the military service in compliance with the federal Uniformed Services Employment and Reemployment Rights Act, the service credits applicable to that military service credit period are forfeited and canceled at the end of the calendar year in which the time limit set by federal law occurs.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 11. Minnesota Statutes 2022, section 424A.01, subdivision 1, is amended to read:

Subdivision 1. **Minors Membership eligibility.** ~~No volunteer~~ (a) A firefighter or any volunteer emergency medical personnel is eligible for membership in a firefighters relief association ~~associated with a~~ if the firefighter or volunteer emergency medical personnel satisfies the requirements of paragraph (b) or (c), as applicable, and is not otherwise prohibited from membership under this chapter.

(b) To be eligible for membership in a relief association, a firefighter must be a member of the fire department and:

(1) provide services as a volunteer firefighter or as a paid on-call firefighter, although the firefighter need not exclusively provide services as either a volunteer firefighter or a paid on-call firefighter;

(2) be engaged in providing emergency response services or delivering fire education or prevention services as a member of a fire department;

(3) be trained in or qualified to provide fire suppression duties or to provide fire prevention duties; and

(4) meet any other minimum firefighter and service standards established by the fire department or specified in the articles of incorporation or bylaws of the firefighters relief association.

(c) A volunteer emergency medical personnel is eligible to be a member of the firefighters relief association and to qualify for a service pension or other benefit coverage of the relief association on the same basis as fire department personnel who perform or supervise fire suppression or fire prevention duties if:

(1) the fire department employs or otherwise uses the services of the person solely as volunteer emergency medical personnel to perform emergency medical response duties or supervise emergency medical response activities;

(2) the bylaws of the firefighters relief association authorize the volunteer emergency medical personnel's eligibility; and

(3) the volunteer emergency medical personnel's eligibility is approved by:

(i) the municipality, a if the fire department is a municipal department;

(ii) the joint powers ~~entity~~ board, if the fire department is a joint powers entity; or

(iii) the contracting municipality or municipalities, if the fire department is an independent nonprofit firefighting corporation ~~may include as a~~.

(d) Minors are prohibited from membership in a firefighters relief association ~~member a minor serving as a volunteer firefighter.~~

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 12. Minnesota Statutes 2022, section 424A.01, subdivision 2, is amended to read:

Subd. 2. **Status of substitute ~~volunteer~~ firefighters.** No person who is serving as a substitute ~~volunteer~~ firefighter may be considered to be a firefighter for purposes of chapter 477B or this chapter and no substitute ~~volunteer~~ firefighter is authorized to be a member of any ~~volunteer~~ firefighters relief association governed by chapter 477B or this chapter.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 13. Minnesota Statutes 2022, section 424A.01, subdivision 5, is amended to read:

Subd. 5. **Fire prevention personnel.** (a) If the applicable municipality or municipalities approve, the fire department may employ or otherwise utilize the services of persons as ~~volunteer~~ firefighters to perform fire prevention duties and to supervise fire prevention activities.

(b) ~~Personnel~~ Volunteer firefighters and paid on-call firefighters serving in fire prevention positions are eligible to be members of the applicable ~~volunteer firefighter~~ firefighters relief association and to qualify for service pension or other benefit coverage of the relief association on the same basis as fire department personnel who perform fire suppression duties.

(c) ~~Personnel~~ Volunteer firefighters and paid on-call firefighters serving in fire prevention positions also are eligible to receive any other benefits under the applicable law or practice for services on the same basis as personnel who are employed to perform fire suppression duties.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 14. Minnesota Statutes 2022, section 424A.015, subdivision 1, is amended to read:

Subdivision 1. **Separation from active service; exception.** (a) No service pension is payable to a person while the person remains an active member of the respective fire department, and a person who is receiving a service pension is not entitled to receive any other benefits from the special fund of the relief association.

(b) No relief association as defined in section 424A.001, subdivision 4, may pay a service pension or disability benefit to a former member of the relief association if that person has not separated from active service with the fire department to which the relief association is directly associated, unless:

(1) the person discontinues volunteer firefighter and paid on-call firefighter duties with the fire department and performs duties within the fire department on a part-time or full-time basis;

(2) the governing body of the municipality, of the independent nonprofit firefighting corporation, or of the joint powers entity has filed its determination with the board of trustees of the relief association that the person's experience with and service to the fire department in that person's part-time or full-time capacity would be difficult to replace; and

(3) the bylaws of the relief association were amended to provide for the payment of a service pension or disability benefit for such part-time or full-time employees.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 15. Minnesota Statutes 2022, section 424A.015, subdivision 5, is amended to read:

Subd. 5. **Minnesota deferred compensation plan transfers.** A relief association may directly transfer on an institution-to-institution basis the eligible member's lump-sum pension amount to the requesting member's account in the Minnesota deferred compensation plan, if:

(1) the governing articles of incorporation or bylaws so provide;

(2) the ~~volunteer~~ firefighter participates in the Minnesota deferred compensation plan at the time of retirement; and

(3) the applicable retiring firefighter requests in writing that the relief association do so.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 16. Minnesota Statutes 2022, section 424A.015, subdivision 7, is amended to read:

Subd. 7. **Combined service pensions.** (a) A member with credit for service as an active firefighter in more than one ~~volunteer~~ firefighters relief association is entitled to a service pension from each participating relief association if:

- (1) the articles of incorporation or bylaws of the relief associations provide for such combined service pensions;
- (2) the applicable requirements of paragraphs (b) to (e) are met; and
- (3) the member otherwise qualifies.

(b) A member receiving a service pension under this subdivision must be at least partially vested under the bylaws of the first participating relief association on the date on which the member terminates active service with that relief association. The service pension paid from the first participating relief association shall be based on the years of active service accrued in the first relief association and the vesting percentage applicable to those years of active service.

(c) To receive a service pension from each subsequent relief association, the member must be at least partially vested under the bylaws of the subsequent relief association, taking into consideration the member's total service credit accrued in all participating relief associations to the date the member terminates active service with the subsequent relief association. The service pension paid from each subsequent relief association shall be based on the years of active service accrued solely in that relief association and the vesting percentage applicable to the combined amount of total service credit accrued in all of the participating relief associations.

(d) The member must have one or more years of service credit in each participating relief association. The service pension must be based on:

(1) for defined benefit relief associations, the service pension amount in effect for the relief association on the date on which the member's active ~~volunteer~~ firefighting services covered by that relief association terminate; and

(2) for defined contribution relief associations, the member's individual account balance on the date on which the member's active ~~volunteer~~ firefighting services covered by that relief association terminate.

(e) To receive a service pension under this subdivision, the member must become a member of the subsequent relief association within two years of the date of termination of active service with the prior relief association. If requested by the member or a subsequent relief association, the secretary of each prior relief association must provide written notice to the member and the subsequent relief association regarding the amount of active service accrued by the member in the prior relief association.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 17. Minnesota Statutes 2022, section 424A.016, subdivision 2, is amended to read:

Subd. 2. **Defined contribution service pension eligibility.** (a) A relief association, when its articles of incorporation or bylaws so provide, may pay out of the assets of its special fund a defined contribution service pension to each of its members who:

- (1) separates from active service with the fire department;
- (2) reaches age 50;

(3) completes at least five years of active service as an active member of the fire department to which the relief association is associated;

(4) completes at least five years of active membership with the relief association before separation from active service; and

(5) complies with any additional conditions as to age, service, and membership that are prescribed by the bylaws of the relief association.

(b) In the case of a member who has completed at least five years of active service as an active member of the fire department to which the relief association is associated on the date that the relief association is established and incorporated, the requirement that the member complete at least five years of active membership with the relief association before separation from active service may be waived by the board of trustees of the relief association if the member completes at least five years of inactive membership with the relief association before the date of the payment of the service pension. During the period of inactive membership, the member is not entitled to receive any disability benefit coverage, is not entitled to receive additional individual account allocation of fire state aid or municipal contribution ~~towards~~ toward a service pension, and is considered to have the status of a person entitled to a deferred service pension.

(c) The service pension earned by a ~~volunteer firefighter~~ under this chapter and the articles of incorporation and bylaws of the relief association may be paid whether or not the municipality or independent nonprofit firefighting corporation to which the relief association is associated qualifies for the receipt of fire state aid under chapter 477B.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 18. Minnesota Statutes 2022, section 424A.016, subdivision 6, is amended to read:

Subd. 6. **Deferred service pensions.** (a) A "deferred member" means a member of a relief association who has separated from active service and membership and has completed the minimum service and membership requirements in subdivision 2. The requirement that a member separate from active service and membership is waived for persons who have discontinued their ~~volunteer firefighter~~ and paid on-call firefighter duties and who are employed on a part-time or full-time basis under section 424A.015, subdivision 1.

(b) A deferred member is entitled to receive a deferred service pension when the member reaches at least age 50, or at least the minimum age specified in the bylaws governing the relief association if that age is greater than age 50, and makes a valid written application.

(c) A defined contribution relief association must credit interest or additional investment performance on the deferred lump-sum service pension during the period of deferral for all deferred members on or after January 1, 2021. A defined contribution relief association may specify in its bylaws the method by which it will credit interest or additional investment performance to the accounts of deferred members. Such method shall be limited to one of the three methods provided in this paragraph. In the event the bylaws do not specify a method, the interest or additional investment performance must be credited using the method defined in clause (3). The permissible methods are:

(1) at the investment performance rate actually earned on that portion of the assets if the deferred benefit amount is invested by the relief association in a separate account established and maintained by the relief association;

(2) at the investment performance rate actually earned on that portion of the assets if the deferred benefit amount is invested in a separate investment vehicle held by the relief association; or

(3) at the investment return on the assets of the special fund of the defined contribution ~~volunteer firefighters~~ relief association in proportion to the share of the assets of the special fund to the credit of each individual deferred member account ~~through the accounting date on which the investment return is recognized by and credited to the special fund.~~

(d) Notwithstanding the requirements of section 424A.015, subdivision 6, bylaw amendments made in accordance with paragraph (c) on or before January 1, 2022, shall apply to members already in deferred status as of January 1, 2021.

(e) Unless the bylaws provide differently, ~~the dates that will be used by a relief association in determining the creditable amount of interest or additional investment performance on a~~ must be allocated to each deferred member account beginning on the date that the member separates from active service and membership and ending on the last date that the deferred member account is valued before the final distribution of the deferred service pension shall be as follows:

(1) ~~for a relief association that has elected to credit interest or additional investment performance under paragraph (c), clause (1) or (3), beginning on the date that the member separates from active service and membership and ending on the accounting date immediately before the deferred member commences receipt of the deferred service pension; or~~

(2) ~~for a relief association that has elected to credit interest or additional investment performance under paragraph (c), clause (2), beginning on the date that the member separates from active service and membership and ending on the date that the separate investment vehicle is valued immediately before the date on which the deferred member commences receipt of the deferred service pension.~~

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 19. Minnesota Statutes 2022, section 424A.02, subdivision 1, is amended to read:

Subdivision 1. **Authorization.** (a) A defined benefit relief association, when its articles of incorporation or bylaws so provide, may pay out of the assets of its special fund a defined benefit service pension to each of its members who: (1) separates from active service with the fire department; (2) reaches age 50; (3) completes at least five years of active service as an active member of the fire department to which the relief association is associated; (4) completes at least five years of active membership with the relief association before separation from active service; and (5) complies with any additional conditions as to age, service, and membership that are prescribed by the bylaws of the relief association. A service pension computed under this section may be prorated monthly for fractional years of service as the bylaws or articles of incorporation of the relief association so provide. The bylaws or articles of incorporation may define a "month," but the definition must require a calendar month to have at least 16 days of active service. If the bylaws or articles of incorporation do not define a "month," a "month" is a completed calendar month of active service measured from the member's date of entry to the same date in the subsequent month. The service pension earned by a ~~volunteer~~ firefighter under this chapter and the articles of incorporation and bylaws of the ~~volunteer~~ firefighters relief association may be paid whether or not the municipality or independent nonprofit firefighting corporation to which the relief association is associated qualifies for the receipt of fire state aid under chapter 477B.

(b) In the case of a member who has completed at least five years of active service as an active member of the fire department to which the relief association is associated on the date that the relief association is established and incorporated, the requirement that the member complete at least five years of active membership with the relief association before separation from active service may be waived by the board of trustees of the relief association if the member completes at least five years of inactive membership with the relief association before the date of the payment of the service pension. During the period of inactive membership, the member is not entitled to receive disability benefit coverage, is not entitled to receive additional service credit ~~towards~~ toward computation of a service pension, and is considered to have the status of a person entitled to a deferred service pension under subdivision 7.

(c) No municipality, independent nonprofit firefighting corporation, or joint powers entity may delegate the power to take final action in setting a service pension or ancillary benefit amount or level to the board of trustees of the relief association or to approve in advance a service pension or ancillary benefit amount or level equal to the maximum amount or level that this chapter would allow rather than a specific dollar amount or level.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 20. Minnesota Statutes 2022, section 424A.02, subdivision 3, is amended to read:

Subd. 3. **Determining maximum pension benefit.** (a) Except as provided in paragraph (b) and section 424B.22, subdivision 4, a defined benefit relief association may not set in its bylaws a service pension amount above the following maximum amounts:

(1) for a defined benefit relief association in which the governing bylaws provide for a monthly service pension, the maximum monthly service pension amount per month for each year of service credited is the lesser of \$100 or the maximum monthly service pension amount that could be adopted by the relief association as a bylaws amendment that satisfies section 424A.093, subdivision 6, paragraph (d); and

(2) for a defined benefit relief association in which the governing bylaws provide for a lump-sum service pension, the maximum lump-sum service pension amount for each year of service credited is the lesser of \$15,000 or the maximum lump-sum service pension amount that could be adopted by the relief association as a bylaws amendment that satisfies section 424A.092, subdivision 6, paragraph (e).

(b) A defined benefit relief association may set in its bylaws a service pension amount that is not greater than the maximum amounts in clause (1) or (2), as applicable, but only if the service pension amount has been ratified by the municipality.

(1) For a defined benefit relief association that pays a monthly service pension, the maximum monthly service pension amount per month for each year of service credited is \$100.

(2) For a defined benefit relief association that pays a lump-sum service pension, the maximum lump-sum service pension amount for each year of service credited is \$15,000.

(c) The method of calculating service pensions must be applied uniformly for all years of active service. Credit must be given for all years of active service, unless the bylaws of the relief association provide that service credit is not given for:

(1) years of active service in excess of caps on service credit; or

(2) years of active service earned by a former member who:

(i) has ceased duties as a volunteer firefighter and paid on-call firefighter with the fire department before becoming vested under subdivision 2; and

(ii) has not resumed active service with the fire department and active membership in the relief association for a period as defined in the relief association's bylaws, of not less than five years.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 21. Minnesota Statutes 2022, section 424A.02, subdivision 7, is amended to read:

Subd. 7. **Deferred service pensions.** (a) A member of a defined benefit relief association is entitled to a deferred service pension if the member separates from active service and membership and has completed the minimum service and membership requirements in subdivision 1. The requirement that a member separate from active service and membership is waived for persons who have discontinued their volunteer firefighter and paid on-call firefighter duties and who are employed on a part-time or full-time basis under section 424A.015, subdivision 1.

(b) The deferred service pension is payable when the former member reaches at least age 50, or at least the minimum age specified in the bylaws governing the relief association if that age is greater than age 50, and when the former member makes a valid written application.

(c) A defined benefit relief association that provides a lump-sum service pension governed by subdivision 2c may, when its governing bylaws so provide, credit interest on the deferred lump-sum service pension during the period of deferral. If provided for in the bylaws, interest must be credited in one of the following manners:

(1) at the investment performance rate actually earned on that portion of the assets if the deferred benefit amount is invested by the relief association in a separate account established and maintained by the relief association;

(2) at the investment performance rate actually earned on that portion of the assets if the deferred benefit amount is invested in a separate investment vehicle held by the relief association; or

(3) at an interest rate of up to five percent, compounded annually, as set by the board of trustees.

(d) Any change in the interest rate set by the board of trustees under paragraph (c), clause (3), must be ratified by the governing body of the municipality or joint powers entity served by the fire department to which the relief association is directly associated, or by the independent nonprofit firefighting corporation, as applicable.

(e) Interest under paragraph (c), clause (3), is credited beginning on the January 1 next following the date on which the deferred service pension interest rate as set by the board of trustees was ratified by the governing body of the municipality or joint powers entity served by the fire department to which the relief association is directly associated, or by the independent nonprofit firefighting corporation, as applicable.

(f) Unless the bylaws of a relief association that has elected to credit interest or additional investment performance on deferred lump-sum service pensions under paragraph (c) specifies a different interest or additional investment performance method, including the interest or additional investment performance period starting date and ending date, the interest or additional investment performance on a deferred service pension is creditable as follows:

(1) for a relief association that has elected to credit interest or additional investment performance under paragraph (c), clause (1) or (3), beginning on the first day of the month next following the date on which the member separates from active service and membership and ending on the last day of the month immediately before the month in which the deferred member commences receipt of the deferred service pension; or

(2) for a relief association that has elected to credit interest or additional investment performance under paragraph (c), clause (2), beginning on the date that the member separates from active service and membership and ending on the date that the separate investment vehicle is valued immediately before the date on which the deferred member commences receipt of the deferred service pension.

(g) For a deferred service pension that is transferred to a separate account established and maintained by the relief association or separate investment vehicle held by the relief association, the deferred member bears the full investment risk subsequent to transfer and in calculating the accrued liability of the ~~volunteer~~ firefighters relief association that pays a lump-sum service pension, the accrued liability for deferred service pensions is equal to the separate relief association account balance or the fair market value of the separate investment vehicle held by the relief association.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 22. Minnesota Statutes 2022, section 424A.02, subdivision 9, is amended to read:

Subd. 9. **Limitation on ancillary benefits.** A defined benefit relief association, ~~including any volunteer firefighters relief association governed by Laws 2013, chapter 111, article 5, sections 31 to 42, or any volunteer firefighters division of a relief association governed by chapter 424, and the Bloomington Fire Department Relief Association~~ may only pay ancillary benefits ~~which~~ that would constitute an authorized disbursement as specified in section 424A.05 subject to the following requirements or limitations:

(1) with respect to a defined benefit relief association in which governing bylaws provide solely for a lump-sum service pension to a retiring member, or provide a retiring member the choice of either a lump-sum service pension or a monthly service pension and the lump-sum service pension was chosen, no ancillary benefit may be paid to any former member or paid to any person on behalf of any former member after the former member (i) terminates active service with the fire department and active membership in the relief association; and (ii) commences receipt of a service pension as authorized under this section; and

(2) with respect to any defined benefit relief association, no ancillary benefit paid or payable to any member, to any former member, or to any person on behalf of any member or former member, may exceed in amount the total earned service pension of the member or former member. The total earned service pension must be calculated by multiplying the service pension amount specified in the bylaws of the relief association at the time of death or disability, whichever applies, by the years of service credited to the member or former member. The years of service must be determined as of (i) the date the member or former member became entitled to the ancillary benefit; or (ii) the date the member or former member died entitling a survivor or the estate of the member or former member to an ancillary benefit. The ancillary benefit must be calculated without regard to whether the member had attained the minimum amount of service and membership credit specified in the governing bylaws. For active members, the amount of a permanent disability benefit or a survivor benefit must be equal to the member's total earned service pension except that the bylaws of a defined benefit relief association may provide for the payment of a survivor benefit in an amount not to exceed five times the yearly service pension amount specified in the bylaws on behalf of any member who dies before having performed five years of active service in the fire department with which the relief association is affiliated. For deferred members, the amount of a permanent disability benefit or a survivor benefit must be calculated using the service pension amount in effect on the date specified in section 424A.015, subdivision 6, unless the bylaws of the relief association specify a different service pension amount to be used for the calculation.

(3)(i) If a lump sum survivor or death benefit is payable under the articles of incorporation or bylaws, the benefit must be paid:

(A) as a survivor benefit to the surviving spouse of the deceased firefighter;

(B) as a survivor benefit to the surviving children of the deceased firefighter if no surviving spouse;

(C) as a survivor benefit to a designated beneficiary of the deceased firefighter if no surviving spouse or surviving children; or

(D) as a death benefit to the estate of the deceased active or deferred firefighter if no surviving children and no beneficiary designated.

(ii) If there are no surviving children, the surviving spouse may waive, in writing, wholly or partially, the spouse's entitlement to a survivor benefit.

(4)(i) If a monthly benefit survivor or death benefit is payable under the articles of incorporation or bylaws, the benefit must be paid:

(A) as a survivor benefit to the surviving spouse of the deceased firefighter;

(B) as a survivor benefit to the surviving children of the deceased firefighter if no surviving spouse;

(C) as a survivor benefit to a designated beneficiary of the deceased firefighter if no surviving spouse or surviving children; or

(D) as a death benefit to the estate of the deceased active or deferred firefighter if no surviving spouse, no surviving children, and no beneficiary designated.

(ii) If there are no surviving children, the surviving spouse may waive, in writing, wholly or partially, the spouse's entitlement to a survivor benefit.

(iii) For purposes of this clause, if the relief association bylaws authorize a monthly survivor benefit payable to a designated beneficiary, the relief association bylaws may limit the total survivor benefit amount payable.

(5) For purposes of this section, for a monthly benefit ~~volunteer fire~~ firefighters relief association or for a combination lump-sum and monthly benefit ~~volunteer fire~~ firefighters relief association where a monthly benefit service pension has been elected by or a monthly benefit is payable with respect to a firefighter, a designated beneficiary must be a natural person. For purposes of this section, for a lump-sum ~~volunteer fire~~ firefighters relief association or for a combination lump-sum and monthly benefit ~~volunteer fire~~ firefighters relief association where a lump-sum service pension has been elected by or a lump-sum benefit is payable with respect to a firefighter, a trust created under chapter 501C may be a designated beneficiary. If a trust is payable to the surviving children organized under chapter 501C as authorized by this section and there is no surviving spouse, the survivor benefit may be paid to the trust, notwithstanding a requirement of this section to the contrary.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 23. Minnesota Statutes 2022, section 424A.021, is amended to read:

424A.021 CREDIT FOR BREAK IN SERVICE TO PROVIDE UNIFORMED SERVICE.

Subdivision 1. **Authorization.** Subject to restrictions stated in this section, a volunteer firefighter or paid on-call firefighter who is absent from firefighting service due to service in the uniformed services, as defined in United States Code, title 38, section 4303(13), may obtain service credit if the relief association is a defined benefit plan or an allocation by the relief association as though the person was an active member if the relief association is a defined contribution plan for the period of the uniformed service, not to exceed five years, unless a longer period is required under United States Code, title 38, section 4312.

Subd. 2. **Limitations.** (a) To be eligible for service credit or an allocation as though an active member under this section, the ~~volunteer~~ firefighter must return to firefighting service with coverage by the same relief association or by the successor to that relief association upon discharge from service in the uniformed service within the time frame required in United States Code, title 38, section 4312(e).

(b) Service credit or an allocation as though an active member is not authorized if the firefighter separates from uniformed service with a dishonorable or bad conduct discharge or under other than honorable conditions.

(c) Service credit or an allocation as though an active member is not authorized if the firefighter fails to provide notice to the fire department that the individual is leaving to provide service in the uniformed service, unless it is not feasible to provide that notice due to the emergency nature of the situation.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 24. Minnesota Statutes 2022, section 424A.092, subdivision 6, is amended to read:

Subd. 6. **Municipal ratification for bylaws amendments.** (a) The board of trustees of a relief association may adopt an amendment to the articles of incorporation or bylaws that increases the coverage, service pensions, or retirement benefits provided by the relief association only after preparing an estimate of the expected ~~increase in the financial requirements and~~ change to the accrued liability and the overall funding balance of the special fund resulting from the amendment.

(b) For purposes of this subdivision, "~~financial requirements~~" "overall funding balance" means the amount ~~of the surplus or deficit~~ calculated under subdivision 3, paragraph (e) (b). "Accrued liability" means the amount calculated under subdivision 2 or 2a, as applicable. "Estimate" means the estimate required in paragraph (a).

(c) If the special fund of a relief association to which this section applies ~~does not have a surplus over~~ has a deficit from full funding under subdivision 3, paragraph (e) (b), clause (5) (3), ~~and or if the municipality is required to provide financial support to the special fund under this section~~ has a minimum obligation under subdivision 3, paragraph (d), the board of trustees of the relief association may adopt an any amendment to the articles of incorporation or bylaws adopted by the board of trustees that increases the coverage, service pensions, or retirement benefits provided by the relief association. ~~The amendment~~ is not effective until it is ratified by the governing body of the affiliated municipality or independent nonprofit firefighting corporation, as applicable. The governing body may ratify ~~such~~ the amendment only if the relief association has delivered to the governing body the estimate described in paragraphs (a) and (b), certified by an officer of the relief association.

(d) If the special fund of a relief association to which this section applies is fully funded or has a surplus over full funding under subdivision 3, paragraph (e) (b), clause (5) (3), ~~and if the municipality is not required to provide financial support~~ does not have a minimum obligation under subdivision 3, paragraph (d), to the special fund under this section, the relief association may adopt an amendment to the articles of incorporation or bylaws that increases the coverage, service pensions, or retirement benefits provided by the relief association. ~~(1) The amendment is effective if the municipality ratifies the amendment. (2) The amendment is effective without municipal ratification if or, in the absence of municipal ratification,~~ the amendment satisfies paragraph (e).

(e) An amendment satisfies this paragraph if the estimate described in paragraphs (a) and (b) demonstrates that the amendment will not cause:

(1) the amount of the resulting increase in the accrued liability of the special fund to exceed 90 percent of the amount of the surplus over full funding reported in the prior year; ~~and~~

(2) ~~the financial requirements of the special fund to exceed the expected amount of the future fire state aid and police and firefighter retirement supplemental state aid to be received by the relief association.~~ an increase in the minimum obligation of the municipality for the upcoming calendar year under subdivision 3, paragraph (d); and

(3) the special fund of the relief association to have a deficit from full funding under subdivision 3, paragraph (c), clause (5), on the day immediately following the adoption of the amendment.

(f) If a relief association amends the articles of incorporation or bylaws without municipal ratification under this subdivision, and, subsequent to the amendment, the ~~financial requirements of the special fund of the relief association under this section are such so as to require financial support from~~ minimum obligation of the municipality under subdivision 3, paragraph (d), increases, the provision ~~which that~~ was implemented without municipal ratification is no longer effective ~~and on July 31.~~ Any service pensions or retirement benefits payable after that date may be paid only in accordance with the articles of incorporation or bylaws as amended with municipal ratification.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 25. Minnesota Statutes 2022, section 424A.093, subdivision 6, is amended to read:

Subd. 6. **Municipal ratification for bylaws amendments.** (a) The board of trustees of a relief association may adopt an amendment to the articles of incorporation or bylaws that increases the coverage, service pensions, or retirement benefits provided by the relief association only after the board of trustees has had an updated actuarial valuation including the proposed change or an estimate of the expected actuarial impact of the proposed change prepared by the actuary of the relief association.

(b) If the special fund of a relief association to which this section applies ~~does not have a surplus over~~ has a deficit from full funding under subdivision 4, and or if the municipality ~~is required to provide financial support to the special fund~~ has a minimum obligation under this section subdivision 5, the board of trustees of the relief association ~~may adopt an~~ any amendment to the articles of incorporation or bylaws adopted by the board of trustees that increases the coverage, service pensions, or retirement benefits provided by the relief association. ~~The amendment~~ is not effective until it is ratified by the governing body of the affiliated municipality or independent nonprofit firefighting corporation, as applicable. The governing body may ratify ~~such~~ the amendment only if the relief association has delivered to the governing body the actuarial valuation or estimate described in paragraph (a), certified by an officer of the relief association.

(c) If the special fund of a relief association to which this section applies is fully funded or has a surplus over full funding under subdivision 4, and if the municipality ~~is~~ does not ~~required to provide financial support to the special fund~~ have a minimum obligation under this section subdivision 5, the relief association may adopt an amendment to the articles of incorporation or bylaws that increases the coverage, service pensions, or retirement benefits provided by the relief association. The amendment is effective:

- (1) if the municipality ratifies the amendment; or
- (2) without municipal ratification if the amendment satisfies paragraph (d).

(d) An amendment satisfies this paragraph if the actuarial valuation or estimate described in paragraph (a) demonstrates that the amendment will not cause:

(1) the amount of the resulting increase in the accrued liability of the special fund to exceed 90 percent of the amount of the surplus over full funding reported in the prior year; ~~and~~

(2) ~~the financial requirements of the special fund to exceed the expected amount of the future fire state aid and police and firefighter retirement supplemental state aid to be received by the relief association.~~ an increase in the minimum obligation of the municipality for the upcoming calendar year; and

(3) the special fund of the relief association to have a deficit from full funding under subdivision 4 on the day immediately following the adoption of the amendment.

(e) If a relief association amends its articles of incorporation or bylaws without municipal ratification pursuant to this subdivision, and, subsequent to the amendment, the ~~financial requirements of the special fund of the relief association under this section are such so as to require financial support from~~ minimum obligation of the municipality increases under this section, the provision ~~which that~~ was implemented without municipal ratification is no longer effective ~~and on July 31~~. Any service pensions or retirement benefits payable after that date may be paid only in accordance with the articles of incorporation or bylaws as amended with municipal ratification.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 26. Minnesota Statutes 2022, section 424A.094, subdivision 1, is amended to read:

Subdivision 1. **Authorized inclusion in fire state aid program; covered nonprofit corporations.** (a) This section applies to any independent nonprofit firefighting corporation incorporated or organized under chapter 317A ~~which that~~: (1) operates exclusively for firefighting purposes; (2) ~~which~~ is composed of volunteer firefighters, paid on-call firefighters, or both volunteer firefighters and paid on-call firefighters; and (3) ~~which~~ has a duly established separate subsidiary incorporated firefighters relief association ~~which that~~ provides retirement coverage for or pays a service pension to a retired firefighter or a retirement benefit to a surviving dependent of either an active or a retired firefighter, and ~~which that~~ is subject to the applicable provisions of chapter 424A.

(b) Notwithstanding any law to the contrary, a municipality contracting with an independent nonprofit firefighting corporation must be included in the distribution of fire state aid to the appropriate county auditor by the state auditor only if the independent nonprofit firefighting corporation complies with the provisions of this section.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 27. Minnesota Statutes 2022, section 424A.095, subdivision 2, is amended to read:

Subd. 2. **Investment report.** (a) Annually, the state auditor must provide an investment report to each relief association that has complied with the reporting requirements under section 356.219, subdivisions 1 and 3. The investment report must contain the following information:

(1) the relief association's average annual rates of return for at least the previous one-, three-, five-, ten-, 15-, and 20-year periods for which the state auditor has investment information;

(2) the relief association's asset allocation;

(3) the average annual one-year and ten-year benchmark rates of return;

(4) the average annual one-year and ten-year rates of return for the statewide volunteer firefighter plan;

(5) the one-year and ten-year average annual rates of return for the State Board of Investment supplemental investment fund; and

(6) a graphical comparison between:

(i) the relief association's average annual rates of return for the previous year and for the previous multiyear periods provided under clause (1); and

(ii) the average annual rates of return for the same periods for the supplemental investment fund's balanced fund or any successor fund.

(b) The state auditor shall select the benchmark rates of return based on the best practice in the industry.

(c) An officer of the relief association's board of trustees must certify to the state auditor that the board reviewed the investment report. The certification must accompany the audited financial statements or detailed financial statement under section 424A.014, subdivision 1 or 2, whichever applies. A copy of the report must be kept on file by the relief association and must be available for inspection by any member of the public.

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

Sec. 28. Minnesota Statutes 2022, section 424A.10, is amended to read:

424A.10 STATE SUPPLEMENTAL BENEFIT; ~~VOLUNTEER~~ FIREFIGHTERS.

Subdivision 1. **Definitions.** For purposes of this section:

(1) "qualified recipient" means a ~~volunteer~~ firefighter who receives a lump-sum distribution of pension or retirement benefits from a ~~volunteer~~ firefighters relief association or from the statewide volunteer firefighter plan; and

(2) "survivor of a deceased active or deferred ~~volunteer~~ firefighter" means the surviving spouse of a deceased active or deferred ~~volunteer~~ firefighter or, if none, the surviving child or children of a deceased active or deferred ~~volunteer~~ firefighter, or, if none, the designated beneficiary of the deceased active or deferred ~~volunteer~~ firefighter, or, if no beneficiary has been designated, the estate of the deceased active or deferred ~~volunteer~~ firefighter; ;

(3) "~~active volunteer firefighter~~" means a person who:

(i) ~~regularly renders fire suppression service, the performance or supervision of authorized fire prevention duties, or the performance or supervision of authorized emergency medical response activities for a fire department;~~

(ii) ~~has met the statutory and other requirements for relief association membership; and~~

(iii) ~~is deemed by the relief association under law and its bylaws to be a fully qualified member of the relief association or from the statewide volunteer firefighter plan for at least one month;~~

(4) "~~deferred volunteer firefighter~~" means a former active volunteer firefighter who:

(i) ~~terminated active firefighting service, the performance or supervision of authorized fire prevention duties, or the performance or supervision of authorized emergency medical response activities; and~~

(ii) ~~has sufficient service credit from the applicable relief association or from the statewide volunteer firefighter plan to be entitled to a service pension under the bylaws of the relief association, but has not applied for or has not received the service pension; and~~

(5) "~~volunteer firefighter~~" includes an individual whose services were utilized to perform or supervise fire prevention duties if authorized under section 424A.01, subdivision 5, and individuals whose services were used to perform emergency medical response duties or supervise emergency medical response activities if authorized under section 424A.01, subdivision 5a.

Subd. 2. **Payment of supplemental benefit.** (a) Upon the payment by a ~~volunteer~~ firefighters relief association or by the statewide volunteer firefighter plan of a lump-sum distribution to a qualified recipient, the association or retirement plan, as applicable, must pay a supplemental benefit to the qualified recipient. Notwithstanding any law to the contrary, the relief association must pay the supplemental benefit out of its special fund and the statewide

volunteer firefighter plan must pay the supplemental benefit out of the statewide volunteer firefighter plan. This benefit is an amount equal to ten percent of the regular lump-sum distribution that is paid on the basis of the recipient's service as a ~~volunteer~~ firefighter. In no case may the amount of the supplemental benefit exceed \$1,000. A supplemental benefit under this paragraph may not be paid to a survivor of a deceased ~~active or deferred volunteer~~ firefighter in that capacity.

(b) Upon the payment by a relief association or the retirement plan of a lump-sum survivor benefit to a survivor of a deceased ~~active volunteer firefighter or of a deceased deferred volunteer~~ firefighter, the association or retirement plan, as applicable, must pay a supplemental survivor benefit to the survivor of the deceased ~~active or deferred volunteer~~ firefighter from the special fund of the relief association and the retirement plan must pay a supplemental survivor benefit to the survivor of the deceased ~~active or deferred volunteer~~ firefighter from the retirement fund if chapter 353G so provides. The amount of the supplemental survivor benefit is 20 percent of the survivor benefit, but not to exceed \$2,000.

(c) For purposes of this section, the term "regular lump-sum distribution" means the pretax lump-sum distribution excluding any interest that may have been credited during a ~~volunteer~~ firefighter's period of deferral.

(d) An individual may receive a supplemental benefit under paragraph (a) or under paragraph (b), but not under both paragraphs with respect to one lump-sum ~~volunteer~~ firefighter benefit.

(e) If a qualified recipient receives more than one lump-sum distribution, the qualified recipient is eligible to receive a supplemental benefit or supplemental survivor benefit, whichever is applicable, with each lump-sum distribution. Each supplemental benefit shall be calculated pursuant to paragraph (a) or (b), as applicable, and shall be subject to a separate limit.

(f) Qualified recipients who elect to receive their lump-sum distribution in installments under section 424A.016, subdivision 5, or 424A.02, subdivision 8, are eligible to receive one supplemental benefit calculated on the total lump-sum distribution amount under paragraph (a) or (b), as applicable.

Subd. 3. **State reimbursement.** (a) Each year, to be eligible for state reimbursement of the amount of supplemental benefits paid under subdivision 2 during the preceding calendar year, the ~~volunteer~~ firefighters relief association or the statewide volunteer firefighter plan shall apply to the commissioner of revenue by February 15. By March 15, the commissioner shall reimburse the relief association for the amount of the supplemental benefits paid by the relief association to qualified recipients and to survivors of deceased ~~active or deferred volunteer~~ firefighters.

(b) The commissioner of revenue shall prescribe the form of and supporting information that must be supplied as part of the application for state reimbursement. The commissioner of revenue shall reimburse the relief association by paying the reimbursement amount to the treasurer of the municipality where the association is located and shall reimburse the retirement plan by paying the reimbursement amount to the executive director of the Public Employees Retirement Association. Within 30 days after receipt, the municipal treasurer shall transmit the state reimbursement to the treasurer of the association if the association has filed a financial report with the municipality. If the relief association has not filed a financial report with the municipality, the municipal treasurer shall delay transmission of the reimbursement payment to the association until the complete financial report is filed. If the association has dissolved or has been removed as a trustee of state aid, the treasurer shall deposit the money in a special account in the municipal treasury, and the money may be disbursed only for the purposes and in the manner provided in section 424A.08. When paid to the association, the reimbursement payment must be deposited in the special fund of the relief association and when paid to the retirement plan, the reimbursement payment must be deposited in the retirement fund of the plan.

(c) A sum sufficient to make the payments is appropriated from the general fund to the commissioner of revenue.

Subd. 4. **In lieu of income tax exclusion.** (a) The supplemental benefit provided by this section is in lieu of the state income tax exclusion for lump-sum distributions of retirement benefits paid to ~~volunteer~~ firefighters.

(b) If the law is modified to exclude or exempt ~~volunteer~~ firefighters' lump-sum distributions from state income taxation, the supplemental benefits under this section are no longer payable, beginning with the first calendar year in which the exclusion or exemption is effective. This subdivision does not apply to exemption of all or part of a lump-sum distribution under section 290.032 or 290.0802.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 29. Minnesota Statutes 2022, section 424B.22, subdivision 2, is amended to read:

Subd. 2. **Involuntary dissolution and termination.** (a) A relief association is dissolved and the retirement plan administered by the relief association is terminated automatically if:

(1) the fire department affiliated with a relief association is dissolved by action of the governing body of the municipality in which the fire department is located or by the governing body of the independent nonprofit firefighting corporation, whichever applies; or

(2) the fire department affiliated with a relief association has terminated the employment or services of all active members of the relief association.

(b) An involuntary termination of a relief association under this subdivision is effective on the December 31 that is at least eight months after the date on which the fire department is dissolved or the termination of employment or services of all active members of the relief association occurs. The board of trustees must comply with subdivisions 3 and 5 to 12. The board of trustees may comply with subdivision 4. The state auditor has the discretion to waive these requirements if the board of trustees requests a waiver in advance and provides adequate demonstration that meeting these requirements is not practicable.

(c) The retirement plan administered by a relief association is terminated automatically if the relief association is dissolved, effective on the date of the dissolution of the relief association.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 30. Minnesota Statutes 2022, section 424B.22, subdivision 10, is amended to read:

Subd. 10. **Supplemental benefits.** Within 60 days after the distribution of benefits under subdivision 8, the municipality or firefighting corporation with which the fire department is affiliated shall pay supplemental benefits under section 424A.10 to each participant and survivor who satisfies the requirements of section 424A.10, subdivision 2; A supplemental benefit is payable to each participant who receives a retirement benefit if the participant is at least age 50. A supplemental benefit is payable to each participant or survivor who receives, respectively, a disability benefit or survivor benefit without regard to any minimum age requirement. The commissioner of revenue shall reimburse the municipality or ~~independent nonprofit~~ firefighting corporation for all supplemental benefits paid as provided in section 424A.10, subdivision 3.

EFFECTIVE DATE. This section is effective for supplemental benefits reimbursed in calendar year 2025 and thereafter.

Sec. 31. **REVISOR INSTRUCTION.**

In Minnesota Statutes, the revisor of statutes shall change the terms "volunteer firefighters relief association," "volunteer firefighter relief association," "volunteer firefighters' relief association," and "volunteer fire relief association" to "firefighters relief association" wherever the terms appear. The revisor shall make any necessary grammatical changes or changes to sentence structure necessary to preserve the meaning of the text as a result of the changes.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 32. **REPEALER.**

Minnesota Statutes 2022, section 424A.01, subdivision 5a, is repealed.

EFFECTIVE DATE. This section is effective January 1, 2025.

ARTICLE 3

STATEWIDE VOLUNTEER FIREFIGHTER PLAN; ADDING A DEFINED CONTRIBUTION PLAN

Section 1. Minnesota Statutes 2022, section 352.1155, subdivision 3, is amended to read:

Subd. 3. **Service credit prohibition.** Notwithstanding any law to the contrary, a person eligible under this section may not, based on employment to which the waiver in this section applies, earn further service credit in a Minnesota public defined benefit plan and is not eligible to participate in a Minnesota public defined contribution plan, other than a ~~volunteer fire plan~~ firefighter relief association governed by chapter 424A or the statewide volunteer firefighter plan governed by chapter 353G. No employer or employee contribution to any of these plans may be made on behalf of such a person.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 2. Minnesota Statutes 2022, section 353G.01, is amended by adding a subdivision to read:

Subd. 2a. **Association.** "Association" means the Public Employees Retirement Association established under chapter 353.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 3. Minnesota Statutes 2022, section 353G.01, is amended by adding a subdivision to read:

Subd. 4a. **Defined contribution fund.** "Defined contribution fund" means that portion of the fund consisting of the assets attributable to the defined contribution plan.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 4. Minnesota Statutes 2022, section 353G.01, is amended by adding a subdivision to read:

Subd. 4b. **Defined contribution plan.** "Defined contribution plan" means the plan that is one of the two plans that comprise the statewide volunteer firefighter plan. The defined contribution plan provides each member with a retirement benefit equal to the member's individual account balance, to which state aid, contributions, forfeitures, and investment earnings and losses have been credited.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 5. Minnesota Statutes 2022, section 353G.01, is amended by adding a subdivision to read:

Subd. 4c. **Defined benefit fund.** "Defined benefit fund" means that portion of the fund consisting of the assets attributable to the defined benefit plan.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 6. Minnesota Statutes 2022, section 353G.01, is amended by adding a subdivision to read:

Subd. 4d. **Defined benefit plan.** "Defined benefit plan" means the plan that is one of the two plans that comprise the statewide volunteer firefighter plan. The defined benefit plan provides each member with a retirement benefit that is either a lump sum or a monthly pension in an amount determined by using a formula that takes into account years of service, vesting percentage, and the benefit level for the member's fire department. The defined benefit plan consists of the lump-sum division and the monthly division.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 7. Minnesota Statutes 2022, section 353G.01, is amended by adding a subdivision to read:

Subd. 5a. **Fire department account.** "Fire department account" means the account in the name of each participating employer to which is credited the assets and, in the case of a participating employer in the defined benefit plan, the liabilities related to the retirement benefits for members who are or were providing service to the participating employer.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 8. Minnesota Statutes 2022, section 353G.01, is amended by adding a subdivision to read:

Subd. 5b. **Firefighting corporation.** "Firefighting corporation" means an independent nonprofit firefighting corporation that is organized under the provisions of chapter 317A and that operates primarily for firefighting purposes.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 9. Minnesota Statutes 2022, section 353G.01, is amended by adding a subdivision to read:

Subd. 5c. **Forfeiture.** "Forfeiture" means the portion of an account or pension benefit that is forfeited when a volunteer firefighter ends service before becoming 100 percent vested in the account or pension benefit.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 10. Minnesota Statutes 2022, section 353G.01, is amended by adding a subdivision to read:

Subd. 6b. **Individual account.** "Individual account" means the account in a fire department account in the defined contribution plan established for a member under section 353G.082 to which allocations are credited and from which deductions are taken under section 353G.082.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 11. Minnesota Statutes 2023 Supplement, section 353G.01, subdivision 7b, is amended to read:

Subd. 7b. **Lump-sum division.** "Lump-sum division" means the division of the defined benefit plan governed by section 353G.11.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 12. Minnesota Statutes 2023 Supplement, section 353G.01, subdivision 8b, is amended to read:

Subd. 8b. **Monthly benefit division.** "Monthly benefit division" means the division of the defined benefit plan governed by section 353G.112.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 13. Minnesota Statutes 2022, section 353G.01, subdivision 9, is amended to read:

Subd. 9. **Municipality.** "Municipality" means ~~a governmental entity specified in section 477B.01, subdivision 10;~~ a city or township that has established a fire department, a city or township that has entered into a contract with ~~an independent nonprofit~~ a firefighting corporation, or a city or township that has entered into a contract with a joint powers entity ~~established~~ under section 471.59 that has established or operates a fire department.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 14. Minnesota Statutes 2022, section 353G.01, subdivision 9a, is amended to read:

Subd. 9a. **Relief association.** "Relief association" means ~~a volunteer firefighter relief association established as defined under chapter 424A, including a volunteer firefighter relief association to which records, assets, and liabilities related to lump sum or monthly benefits for active and former firefighters will be transferred from the retirement fund upon satisfaction of the requirements of section 353G.17~~ 424A.001, subdivision 4.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 15. Minnesota Statutes 2022, section 353G.01, is amended by adding a subdivision to read:

Subd. 9b. **Normal retirement age.** "Normal retirement age" means age 50.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 16. Minnesota Statutes 2022, section 353G.01, is amended by adding a subdivision to read:

Subd. 9c. **Participating employer.** "Participating employer" means the municipality or firefighting corporation that has joined the retirement plan and is associated with a fire department with volunteer firefighters who are covered by the retirement plan.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 17. Minnesota Statutes 2022, section 353G.01, subdivision 11, is amended to read:

Subd. 11. **Retirement fund.** "Retirement fund" means the statewide volunteer firefighter fund established under section 353G.02, subdivision 3, consisting of the defined contribution fund and the defined benefit fund.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 18. Minnesota Statutes 2023 Supplement, section 353G.01, subdivision 12, is amended to read:

Subd. 12. **Retirement plan.** "Retirement plan" ~~or "plan"~~ means the ~~retirement statewide volunteer firefighter plan, either the lump sum division or the monthly benefit division~~ consisting of the defined contribution plan and the defined benefit plan, established by this chapter.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 19. Minnesota Statutes 2023 Supplement, section 353G.01, subdivision 12a, is amended to read:

Subd. 12a. **Service credit.** "Service credit" means the period of service rendered by a volunteer firefighter that is certified under section 353G.07 by the fire chief of the fire department in which the volunteer firefighter serves. ~~A volunteer firefighter's service credit equals all periods of service with any fire department covered by the plan.~~

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 20. Minnesota Statutes 2023 Supplement, section 353G.01, subdivision 14a, is amended to read:

Subd. 14a. **Vesting service credit.** "Vesting service credit" means service credit plus any earlier period of service rendered as a volunteer firefighter, as defined in subdivision 15, in another fire department covered by the plan or in a fire department in the state that was not covered by the plan at the time the service was rendered. ~~The earlier period of service must be certified by the fire chief of the fire department covered by the plan in a manner similar to the requirements of section 353G.07. The volunteer firefighter must provide documentation in a form acceptable to the executive director regarding the earlier period of service.~~

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 21. Minnesota Statutes 2023 Supplement, section 353G.01, subdivision 15, is amended to read:

Subd. 15. **Volunteer firefighter.** "Volunteer firefighter" means a person who is ~~an active~~ a member of the fire department of a municipality or ~~an independent nonprofit~~ a firefighting corporation and who, in that capacity, on either a volunteer or on-call basis, engages in:

(1) fire suppression or prevention activities; ~~provides;~~

(2) emergency response services;

(3) emergency medical response activities; ~~or delivers~~

(4) fire education or prevention services on an on-call basis ~~supervises personnel engaged in any of the foregoing.~~

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 22. Minnesota Statutes 2023 Supplement, section 353G.02, subdivision 1, is amended to read:

Subdivision 1. **Retirement plan.** The statewide volunteer firefighter plan, consisting of a ~~lump sum division~~ defined contribution plan and a ~~monthly benefit division~~ defined benefit plan, is ~~created~~ established.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 23. Minnesota Statutes 2023 Supplement, section 353G.02, subdivision 3, is amended to read:

Subd. 3. **Retirement fund.** (a) The statewide volunteer firefighter fund, ~~consisting of a lump sum account and a monthly benefit account,~~ is ~~created~~ established. The retirement fund contains the assets attributable to the ~~statewide volunteer firefighter defined contribution plan and the defined benefit plan.~~

(b) The State Board of Investment shall invest those portions of the retirement fund not required for immediate purposes in the ~~statewide lump sum volunteer firefighter plan in the~~ statewide volunteer firefighter account of the Minnesota supplemental investment fund under section 11A.17.

(c) The commissioner of management and budget is the ex officio treasurer of the ~~statewide volunteer firefighter retirement~~ fund. The commissioner of management and budget's general bond to the state covers all liability for actions taken as the treasurer of the retirement fund.

(d) The revenues of the plan beyond investment returns are governed by section 353G.08 and must be deposited in the fund. The disbursements of the plan are governed by section 353G.08. The commissioner of management and budget shall transmit a detailed statement showing all credits to and disbursements from the retirement fund to the executive director monthly.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 24. Minnesota Statutes 2023 Supplement, section 353G.02, subdivision 4, is amended to read:

Subd. 4. **Periodic audit; biennial actuarial valuation; biennial funding report.** (a) The legislative auditor shall periodically audit the ~~statewide volunteer firefighter retirement~~ fund.

(b) ~~The executive director must retain an approved actuary under section 356.214 to perform biennial actuarial valuation valuations of each fire department account in the lump sum monthly division of the statewide volunteer firefighter plan may be performed periodically as determined to be appropriate or useful by the board. An actuarial valuation of the monthly benefit division of the statewide volunteer firefighter plan must be performed as frequently as required by government sector generally accepted accounting standards. An. The actuarial valuation must be performed by the approved actuary retained under section 356.214 and must conform with section 356.215 and the standards for actuarial work. An The actuarial valuation must contain sufficient detail for each participating employing entity employer to ascertain the actuarial condition of its account in the retirement fund and the amount of its required contribution requirement towards its to the account.~~

(c) The executive director must perform biennial funding assessments of each fire department account in the lump-sum division. The assessment must comply with section 353G.08, subdivision 1.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 25. Minnesota Statutes 2023 Supplement, section 353G.03, subdivision 3, is amended to read:

Subd. 3. **Composition.** (a) The advisory board consists of ten members.

(b) The advisory board members are:

- (1) one representative of Minnesota townships, appointed by the Minnesota Association of Townships;
- (2) two representatives of Minnesota cities, appointed by the League of Minnesota Cities;

(3) one representative of Minnesota fire chiefs, who is a fire chief, appointed by the Minnesota State Fire Chiefs Association;

(4) two representatives of Minnesota volunteer firefighters, ~~all~~ who are active volunteer firefighters, one of whom is covered by the lump-sum division and one of whom is covered by the monthly ~~benefit~~ division, appointed by the Minnesota State Fire Chiefs Association;

(5) three representatives of Minnesota volunteer firefighters ~~who are~~, at least one of whom is covered by the lump-sum division of the defined benefit plan and at least one of whom is covered by the defined contribution plan, appointed by the Minnesota State Fire Departments Association; and

(6) one representative of the Office of the State Auditor, designated by the state auditor.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 26. Minnesota Statutes 2022, section 353G.05, as amended by Laws 2023, chapter 47, article 10, section 9, is amended to read:

353G.05 PLAN COVERAGE ELECTION.

Subdivision 1. **Entities eligible to request coverage.** ~~(a) A relief association or a municipality, or independent nonprofit firefighting corporation affiliated with a relief association may elect to have its volunteer firefighters covered by the lump-sum division, if the volunteer firefighters for whom coverage is being requested are covered by a relief association that is a lump-sum defined benefit relief association or a defined-contribution relief association governed by chapter 424A retirement plan.~~

~~(b) A relief association or a municipality or independent nonprofit firefighting corporation affiliated with a relief association may elect to have its volunteer firefighters covered by the lump-sum division or the monthly benefit division of the retirement plan, if the volunteer firefighters for whom coverage is being requested are covered by a relief association that is a monthly benefit defined benefit relief association governed by chapter 424A.~~

~~(c) A municipality or independent nonprofit firefighting corporation that is not affiliated with a relief association may elect to have its volunteer firefighters covered by the lump-sum division of the plan.~~

Subd. 1a. **Requesting coverage.** (a) An entity that is eligible under subdivision 1 to make a request for coverage may initiate the process of obtaining coverage by filing a request with the executive director, as described in this subdivision.

(b) The request for coverage must be in writing and on a form prescribed by the executive director.

(c) If the request for coverage is for volunteer firefighters covered by a relief association retirement plan, the secretary of the relief association, following approval of the request by the board of trustees of the relief association, and the chief administrative officer of the entity affiliated with the relief association, following approval of the request by the governing body of the entity, must jointly make the request. If the relief association is affiliated with more than one entity, the chief administrative officer of each affiliated entity must execute the request.

(d) If the request for coverage is for volunteer firefighters who are not covered by a relief association retirement plan, the chief administrative officer of the entity operating the fire department must make the request.

Subd. 1b. **Selection of plan and division.** (a) In the request for coverage, the entity must select coverage by either the defined benefit plan or the defined contribution plan.

(b) If the entity selects coverage by the defined benefit plan, the entity must select coverage by either the lump-sum division or the monthly division, except that the entity may select coverage by the monthly division only if the relief association with which the entity is affiliated is a defined benefit relief association, as defined under section 424A.001, subdivision 1b, that provides a monthly pension.

(c) If the entity selects coverage by the defined contribution plan and the relief association with which the entity is affiliated is a defined benefit relief association, as defined under section 424A.001, subdivision 1b, the defined benefit relief association must complete a conversion under section 353G.19 as part of the process of joining the retirement plan.

Subd. 1c. Selection of vesting schedule. ~~(e) In the request for coverage, the entity must identify the desired service pension amount and~~ select a vesting schedule from the following options:

(1) incremental vesting beginning with 40 percent vested after completing five years of ~~active~~ service and increasing by four percent upon completion of each additional year of ~~active~~ service, until 100 percent vested upon completion of 20 years of ~~active~~ service;

(2) incremental vesting beginning with 40 percent vested after completing five years of ~~active~~ service and increasing by 12 percent upon completion of each additional year of ~~active~~ service, until 100 percent vested upon completion of ten years of ~~active~~ service; or

(3) incremental vesting beginning with 40 percent vested after completing ten years of ~~active~~ service and increasing by six percent upon completion of each additional year of ~~active~~ service, until 100 percent vested upon completion of 20 years of ~~active~~ service.

The entity must not select a vesting schedule that requires more years of service to become partially or fully vested than the vesting schedule in effect under the former affiliated relief association, if any.

~~(d) If the request for coverage is for volunteer firefighters covered by a monthly benefit defined benefit relief association, the entity making the request must elect coverage either by the monthly benefit division or by the lump sum division.~~

~~(e) If the request for coverage is for volunteer firefighters covered by a relief association that provides both a monthly benefit and a lump sum benefit, the entity making the request must elect coverage by the monthly benefit division, the lump sum division, or by both divisions.~~

~~(f) If the request for coverage is for volunteer firefighters covered by a relief association with a plan governed by chapter 424A, the secretary of the relief association, following approval of the request by the board of the relief association, and the chief administrative officer of the entity affiliated with the relief association, following approval of the request by the governing body of the entity, must jointly make the request. If the relief association is affiliated with more than one entity, the chief administrative officer of each affiliated entity must execute the request.~~

~~(g) If the request for coverage is for volunteer firefighters who are not covered by a relief association, the chief administrative officer of the entity operating the fire department must make the request.~~

Subd. 1d. Selection of benefit level. (a) If the request for coverage is for coverage by the defined benefit plan, the entity making the request must identify the desired benefit level.

(b) If the request for coverage is for the lump-sum division of the defined benefit plan, the benefit level identified must be no less than \$500 per full year of service credit and no more than the maximum amount permitted under section 424A.02, subdivision 3, per full year of service credit. Benefit levels between the minimum and maximum must be in \$100 increments.

(c) If the request for coverage is for the monthly division of the defined benefit plan, the benefit level is the amount specified in the retirement benefit plan document applicable to the fire department.

Subd. 2. **Cost analysis for coverage by the ~~lump-sum~~ lump-sum division of the defined benefit plan.** (a) Upon receipt of a request for coverage by the ~~lump-sum division defined benefit plan~~, the executive director must prepare a cost analysis as described in this subdivision and deliver the cost analysis to the board of trustees of the relief association, if one exists, and the governing body.

(b) The cost analysis under this subdivision must be based on:

(1) the ~~service-pension amount benefit level~~ under section 353G.11 closest to the ~~service-pension amount benefit level~~ provided by the relief association if the relief association is a lump-sum defined benefit plan, an amount that is equal to 95 percent of the most current average account balance per relief association member if the relief association is a defined contribution plan, or the lowest ~~service-pension amount benefit level~~ under section 353G.11 if there is no relief association, rounded up; and

(2) if different than the amount under clause (1), the ~~service-pension amount benefit level~~ identified in the request under subdivision ~~4a~~ 1d.

(c) The cost analysis must take into account the vesting option selected in the request under subdivision ~~4a~~ 1c.

(d) The cost analysis must be prepared using a mathematical procedure certified as accurate by an approved actuary retained by the Public Employees Retirement Association.

(e) If the request for coverage was made by a relief association that has filed the information required under section 424A.014 in a timely fashion, upon request by the executive director, the state auditor shall provide the most recent data available on the financial condition of the relief association, the most recent firefighter demographic data available, and a copy of the current relief association bylaws. If a cost analysis is requested, but no relief association exists, the chief administrative officer of the entity operating the fire department shall provide the demographic information on the volunteer firefighters serving as members of the fire department requested by the executive director.

Subd. 3. **Cost analysis for coverage by the monthly ~~benefit~~ benefit division of the defined benefit plan.** (a) Upon receipt of a request for coverage by the monthly ~~benefit~~ division, the executive director must prepare a cost analysis as described in this subdivision and deliver the cost analysis to the board of trustees of the relief association, if one exists, and the governing body.

(b) The cost analysis under this subdivision must be prepared by the approved actuary retained by the Public Employees Retirement Association. The cost analysis must be based on:

(1) the monthly ~~service-pension amount benefit level~~ and other retirement benefit types and amounts in effect for the relief association as of the date of the request;

(2) if different than the amount under clause (1), the monthly pension amount identified in the request under subdivision ~~4a~~ 1d and evaluated in a special actuarial valuation prepared under sections 356.215 and 356.216; and

(3) the standards for actuarial work and the actuarial assumptions utilized in the most recent actuarial valuation, except that the applicable investment return actuarial assumption is six percent.

(c) The cost analysis must take into account the vesting option selected in the request under subdivision ~~4a~~ 1c.

(d) The secretary of the relief association making the request must supply the demographic and financial data necessary for the cost analysis to be prepared.

Subd. 4. **Invested assets review.** ~~If a cost analysis is requested under subdivision 2 or 3,~~ The executive director of the State Board of Investment shall review the investment portfolio of the relief association retirement plan, if ~~applicable~~ one exists, for compliance with the applicable provisions of chapter 11A and for appropriateness for retention under the established investment objectives and investment policies of the State Board of Investment. If the prospective retirement coverage change is approved under subdivision 5, the State Board of Investment may require that the relief association liquidate any investment security or other asset which the executive director of the State Board of Investment has determined to be an ineligible or inappropriate investment for retention by the State Board of Investment. The security or asset liquidation must occur before the effective date of the transfer of plan coverage. If requested to do so by the chief administrative officer of the relief association, the executive director of the State Board of Investment shall provide advice about the best means to conduct the liquidation.

Subd. 5. **Finalization; coverage transfer.** (a) The transfer of coverage to the defined contribution plan is considered approved if, no later than 120 days after the filing of the request for coverage with the executive director shall deliver the cost analysis requested under subdivision 2 or 3 to, the transfer is approved by both (1) the board of trustees of the relief association, if one exists, and (2) the governing body. If either the governing body or the board of trustees of the relief association does not take action to approve the transfer within 120 days after the filing of the request for coverage, the transfer is not approved.

(b) The transfer of coverage to the defined benefit plan is considered approved if, ~~within no later than~~ no later than 120 days ~~of after~~ receipt of the cost analysis, the transfer is approved by both (1) the board of trustees of the relief association, if one exists, and (2) the governing body. If either the governing body or the board of trustees of the relief association does not take action to approve the transfer within 120 days ~~of after~~ receipt of the cost analysis, the transfer is not approved.

(c) If the transfer is approved, coverage by the plan is effective on the January 1 next following the date of approval by the last governing body or, if later, the date of approval by the board of trustees of the relief association.

Subd. 6. **Joint powers entities.** If transfer of coverage to the plan is being requested for volunteer firefighters that provide services to a fire department operated as or by a joint powers entity, whenever an election or approval by or delivery to the governing body of a municipality is required under this section, all municipalities that executed the joint powers agreement must execute the election or approval or receive delivery, unless the joint powers agreement specifies another process be followed in order for the action of a joint powers entity to be effective.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 27. Minnesota Statutes 2023 Supplement, section 353G.07, is amended to read:

353G.07 ~~CERTIFICATION OF SERVICE CREDIT FOR PENSION BENEFIT ACCRUAL OR CONTRIBUTION ALLOCATION.~~

(a) Annually, by March 31, the fire chief of ~~the~~ a fire department with volunteer firefighters who are active members of ~~either the lump-sum division or the monthly benefit division shall~~ retirement plan must certify to the executive director the service credit for the previous calendar year of each volunteer firefighter rendering active service with the fire department.

(b) The fire chief shall provide to each firefighter rendering active service with the fire department notification of the amount of service credit rendered by the firefighter for the calendar year. The service credit notification must be provided to the firefighter 60 days before its certification to the executive director ~~of the Public Employees Retirement Association~~, along with an ~~indication~~ explanation of the process for the firefighter to challenge the fire chief's determination of service credit. If the service credit amount is challenged in a timely fashion, the fire chief shall hold a hearing on the challenge, accept and consider any additional pertinent information, and make a final determination of service credit. The final determination of service credit by the fire chief is not reviewable by the executive director ~~of the Public Employees Retirement Association~~ or by the board of trustees ~~of the Public Employees Retirement Association~~.

(c) The service credit certification is an official public document. If a false service credit certification is filed or if false information regarding service credits is provided, section 353.19 applies.

(d) The service credit certification must be expressed as a percentage of a full year of service during which an active firefighter rendered at least the minimum level and quantity of fire suppression, emergency response, fire prevention, or fire education duties required by the fire department under the rules and regulations applicable to the fire department. No more than one year of service credit may be certified for a calendar year.

(e) If a firefighter covered by the retirement plan leaves active firefighting service to render active military service that is required to be governed by the federal Uniformed Services Employment and Reemployment Rights Act, as amended, the person must be certified as providing a full year of service credit in each year of the military service, up to the applicable limit of the federal Uniformed Services Employment and Reemployment Rights Act. If the firefighter does not return from the military service in compliance with the federal Uniformed Services Employment and Reemployment Rights Act, the service credits applicable to that military service credit period are forfeited and cancel at the end of the calendar year in which the federal law time limit occurs.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 28. **[353G.075] SERVICE CREDIT FOR VESTING.**

(a) Annually, the executive director must credit each volunteer firefighter with a year of service credit for vesting for each year of service credited for benefit accrual or contribution allocation under section 353G.07.

(b) A volunteer firefighter is entitled to receive service credit toward vesting in the retirement plan for any period of service as a volunteer firefighter, as defined under section 353G.01, subdivision 15, rendered as a firefighter in a fire department in the state that was not covered by the retirement plan at the time the service was rendered if the firefighter submits a request to the executive director indicating the number of years and months of service for which credit is requested and provides documentation in a form acceptable to the executive director regarding the earlier period of service. The firefighter must submit a copy of the request and documentation to the fire chief of the fire department to which the firefighter is currently providing service.

(c) The executive director must credit a firefighter with all years of service as a member of the retirement plan for any participating employer for vesting purposes.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 29. Minnesota Statutes 2023 Supplement, section 353G.08, subdivision 1, is amended to read:

Subdivision 1. **Annual Biennial funding requirements reports; lump-sum division.** (a) ~~Annually~~, The executive director ~~shall~~ must determine the funding requirements ~~of for~~ each fire department account in the lump-sum division ~~of the statewide volunteer firefighter plan~~ on or before August 1 every other year. The funding

requirements computed under this subdivision must be determined using a mathematical procedure developed and certified as accurate by the approved actuary retained by the ~~Public Employees Retirement~~ association and must be based on present value factors using a six percent investment return rate, without any decrement assumptions. The ~~funding requirements~~ executive director must be certified provide written notice of the funding requirements to the entity or entities associated with the fire department whose active firefighters are covered by the plan.

(b) The overall funding balance of each ~~lump-sum~~ fire department account for the current calendar year must be determined in the following manner:

(1) The total accrued liability for all active and deferred members of the ~~account~~ fire department as of December 31 of the current year must be calculated based on the service credit of active and deferred members as of that date.

(2) The ~~total-present~~ assets of the fire department account projected to December 31 of the current year, including receipts by and disbursements from the account anticipated to occur on or before December 31, must be calculated. ~~To the extent possible, The market~~ executive director must begin phasing in the use of actuarial value of assets must be utilized in making this calculation beginning with the funding reports for 2026.

(3) The amount of the ~~total-present~~ assets calculated under clause (2) must be subtracted from the amount of the total accrued liability calculated under clause (1). If the amount of ~~total-present~~ the assets exceeds the amount of the total accrued liability, then the account is considered to have a surplus over full funding. If the amount of the ~~total present~~ assets is less than the amount of the total accrued liability, then the account is considered to have a deficit from full funding. If the amount of ~~total-present~~ assets is equal to the amount of the total accrued liability, then the ~~special fund~~ account is considered to be fully funded.

(c) The financial requirements of each ~~lump-sum-account~~ fire department for the following calendar year must be determined in the following manner:

(1) The total accrued liability for all active and deferred members of the ~~account~~ fire department as of December 31 of the calendar year next following the current calendar year must be calculated based on the service used in the calculation under paragraph (b), clause (1), increased by one year.

(2) The increase in the total accrued liability of the account for the following calendar year over the total accrued liability of the account for the current year must be calculated.

(3) The amount of administrative expenses of the account must be calculated by multiplying the per-person dollar amount of the administrative expenses for the most recent prior calendar year by the number of active and deferred firefighters reported to ~~PERA~~ the association on the most recent service credit certification form for ~~each~~ the account.

(4) If the account is fully funded, the financial requirement of the account for the following calendar year is the total of the amounts calculated under clauses (2) and (3).

(5) If the account has a deficit from full funding, the financial requirement of the account for the following calendar year is the total of the amounts calculated under clauses (2) and (3) plus an amount equal to one-tenth of the amount of the deficit from full funding of the account.

(6) If the account has a surplus over full funding, the financial requirement of the account for the following calendar year is the financial requirement of the account calculated as though the account was fully funded under clause (4) and, if the account has also had a surplus over full funding during the prior two years, additionally reduced by an amount equal to one-tenth of the amount of the surplus over full funding of the account.

(d) The required contribution of the entity or entities associated with the fire department whose active firefighters are covered by the lump-sum division is the annual financial requirements of the ~~lump-sum fire department~~ fire department account ~~of the plan~~ under paragraph (c) reduced by the amount of any fire state aid payable under chapter 477B or police and firefighter retirement supplemental state aid payable under section 423A.022 that is reasonably anticipated to be received by the retirement plan attributable to the entity or entities during the following calendar year, and an amount of ~~interest~~ investment earnings on the assets projected to be received during the following calendar year calculated at the rate of six percent per annum. The required contribution must be allocated between the entities if more than one entity is involved. A reasonable amount of anticipated fire state aid is an amount that does not exceed the fire state aid ~~actually~~ received in the prior year multiplied by the factor 1.035.

(e) The financial requirement for each fire department account in the lump-sum division for the second year of the biennial valuation period must be in the amount determined in paragraph (d) increased by six percent, but no more than the excess, if any, of the amount determined under paragraph (c), clause (1), less the actual market value of assets in the fire department account as of that date.

~~(e)~~ (f) The required contribution calculated in paragraph (d) must be paid to the retirement plan on or before December 31 of the year for which it was calculated. If the contribution is not received by the plan by December 31, it is payable with interest at an annual compound rate of six percent from the date due until the date payment is received by the plan. If the entity does not pay the full amount of the required contribution, the executive director shall collect the unpaid amount under section 353.28, subdivision 6.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 30. Minnesota Statutes 2022, section 353G.08, subdivision 2, is amended to read:

Subd. 2. **Cash flow funding requirement.** If the executive director determines that a fire department account in the lump-sum retirement division or a the monthly benefit retirement account in the statewide volunteer firefighter plan division has insufficient assets to meet the service pensions expected to be payable from the account over the succeeding two years, the executive director shall certify the amount of the potential service pension shortfall to the ~~municipality or municipalities and the municipality or municipalities shall~~ participating employer, which must make an additional employer contribution to the account within ten days of the certification. If more than one ~~municipality~~ participating employer is associated with the account, unless the ~~municipalities~~ participating employers agree to and implement a different allocation, the ~~municipalities shall~~ participating employers must allocate the additional employer contribution one-half in proportion to the population of each ~~municipality~~ participating employer and one-half in proportion to the estimated market value of the property of each ~~municipality~~ participating employer.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 31. **[353G.082] FUNDING OF FIRE DEPARTMENT ACCOUNTS AND ANNUAL ALLOCATION TO INDIVIDUAL ACCOUNTS IN THE DEFINED CONTRIBUTION PLAN.**

Subdivision 1. **Fire department accounts and individual accounts established.** (a) The executive director must establish a fire department account for each participating employer in the defined contribution plan that consists of individual accounts for the volunteer firefighters providing firefighting services to the participating employer.

(b) The executive director must establish an individual account within each fire department account for each volunteer firefighter covered by the defined contribution plan, to which the executive director must credit an allocation of state aid, contributions, forfeitures, and investment earnings and from which the executive director must deduct investment losses and administrative expenses.

Subd. 2. **State aid and contributions by the participating employer.** Notwithstanding any law to the contrary, the executive director must deposit in each fire department account in the defined contribution plan for allocation to individual accounts under subdivision 3:

(1) any fire state aid payable under chapter 477B or police and firefighter retirement supplemental state aid payable under section 423A.022 on behalf of the participating employer with which the fire department is associated; and

(2) any contributions from the participating employer with which the fire department is associated.

Subd. 3. **Annual allocation and deduction in equal shares.** (a) As of the end of each calendar year, the executive director must credit to the individual account of each firefighter providing services to a fire department and who did not leave firefighting service with the fire department during the calendar year an equal share of:

(1) any fire state aid payable under chapter 477B and police and firefighter retirement supplemental state aid payable under section 423A.022 received by the retirement fund that is attributable to the participating employer associated with the fire department as soon as practicable after the aid is received by the retirement fund;

(2) any contributions made by the participating employer to the retirement fund for the benefit of the volunteer firefighters providing firefighting services to the participating employer as soon as practicable after the contribution is received by the retirement fund; and

(3) any forfeiture under section 353G.10, subdivision 4, attributable to a former volunteer firefighter of the fire department.

(b) As of the end of each calendar year, the executive director must deduct an equal share of administrative expenses from each individual account.

(c) As of the end of the calendar year, the executive director must allocate to the individual account of a volunteer firefighter who has less than a full year of service a fractional share of the amount that would have been allocated to the individual account for a full year of service. The fractional amount is equal to the number of months of service divided by twelve. A month will be credited if the volunteer firefighter was credited with at least 16 days of service.

Subd. 4. **Investment earnings and losses.** As of the end of each calendar year or more frequently, if determined necessary by the executive director to make distributions or for other purposes, the executive director must:

(1) credit investment earnings on the assets of each fire department account to each individual account in proportion to the share of the assets of the fire department account credited to the individual account; and

(2) deduct investment losses on the assets of each fire department account from each individual account in proportion to the share of the assets of the fire department account credited to the individual account.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 32. **[353G.085] AUTHORIZED DISBURSEMENTS.**

The assets of the retirement fund may be disbursed only as a distribution of lump-sum retirement benefits, monthly retirement benefits, or individual accounts or for:

(1) administrative expenses of the retirement plan;

(2) investment expenses of the retirement fund;

(3) survivor benefits; and

(4) a transfer of assets under section 353G.17.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 33. Minnesota Statutes 2023 Supplement, section 353G.09, subdivision 1, is amended to read:

Subdivision 1. **Entitlement.** (a) A member ~~with at least one year of service credit with a fire department with active firefighters that are covered by the plan~~ is entitled to a retirement benefit as defined in subdivision 1a from the fire department's account in the plan if the member:

(1) has separated from ~~active~~ service with the fire department for at least 30 days;

(2) has attained the normal retirement age ~~of at least 50 years;~~

(3) has satisfied the minimum service requirement in paragraph (b) or (c), as applicable; and

(4) applies in a manner prescribed by the executive director.

(b) If the member is a member of the lump-sum division or the defined contribution plan, the member satisfies the minimum service requirement if the member is at least 40 percent vested as determined under subdivision 2.

(c) If the member is a member of the monthly ~~benefit~~ division, the member satisfies the minimum service requirement if the member has completed at least the minimum number of years of service specified in the retirement benefit plan document applicable to the member.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 34. Minnesota Statutes 2023 Supplement, section 353G.09, subdivision 1a, is amended to read:

Subd. 1a. **Retirement benefit.** (a) A volunteer firefighter who is entitled to a ~~service-pension retirement benefit~~ under subdivision 1 must receive a retirement benefit under ~~subdivision 1~~, paragraph ~~(a) or (b), (c), or (d)~~, as applicable.

(b) The retirement benefit of a member of the lump-sum division is equal to the number of years of service credit certified under section 353G.07 for the member, multiplied by the ~~service-pension benefit~~ level applicable to the member under section 353G.11, multiplied by the member's vested percentage under subdivision 2.

(c) The retirement benefit of a member of the monthly ~~benefit~~ division is equal to the number of years of service credit certified under section 353G.07 for the member, multiplied by the ~~service-pension benefit~~ level applicable to the member under section 353G.112, multiplied by the member's vested percentage under subdivision 2.

(d) The retirement benefit of a member of the defined contribution plan is equal to the balance in the member's account in the plan as of the end of the month after the month in which the executive director receives the application for a distribution of the retirement benefit multiplied by the member's vested percentage under subdivision 2.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 35. Minnesota Statutes 2023 Supplement, section 353G.09, subdivision 2, is amended to read:

Subd. 2. **Vested percentage.** A member of the plan has a nonforfeitable right to a retirement benefit, up to the percent vested. The member's vested percentage is determined under paragraph (a), (b), or (c), as applicable.

(a) If the member is a member of the lump-sum division and employed in a fire department that joined the plan before January 1, 2023, the member's vested percentage is equal to the percentage that corresponds to the number of years of vesting service credit, as follows:

Completed years of service credit	Vested percentage
less than 5	0 percent
5	40 percent
6	44 percent
7	48 percent
8	52 percent
9	56 percent
10	60 percent
11	64 percent
12	68 percent
13	72 percent
14	76 percent
15	80 percent
16	84 percent
17	88 percent
18	92 percent
19	96 percent

(b) If the member is a member of the lump-sum division or the defined contribution plan and employed in a fire department that ~~joined~~ joins the plan on or after January 1, 2023, the member's vested percentage is equal to the percentage determined by applying the vesting schedule selected in the request for coverage under section 353G.05, subdivision ~~4a~~ 1c, taking into account years of vesting service credit.

(c) If the member is a member of the monthly benefit division and has completed 20 years of service as a member of the plan, the member is 100 percent vested. If the member has completed less than 20 years of service as a member of the plan, the member's vested percentage is equal to the percentage determined under the retirement benefit plan document applicable to the member.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 36. Minnesota Statutes 2023 Supplement, section 353G.10, is amended to read:

353G.10 DEFERRED LEAVING FIREFIGHTING SERVICE PENSION—AMOUNT BEFORE REACHING NORMAL RETIREMENT AGE.

Subdivision 1. Entitlement to a retirement benefit, to the extent vested. ~~A person who was an active member of a fire department covered by either the lump-sum division or the monthly benefit division of the plan who has separated~~ If a volunteer firefighter separates from active firefighting service ~~for at least before reaching normal retirement age,~~ the volunteer firefighter is entitled to a distribution of the volunteer firefighter's retirement benefit under section 353G.09, subdivision 1a, as follows:

(1) if the volunteer firefighter is covered by the defined contribution plan, the volunteer firefighter is entitled to a distribution of the retirement benefit as soon as practicable after the volunteer firefighter submits an application for a distribution;

(2) if the volunteer firefighter is covered by the lump-sum division of the defined benefit plan, the volunteer firefighter is entitled to a distribution of the volunteer firefighter's retirement benefit after the volunteer firefighter has reached age 50 and as soon as practicable after the volunteer firefighter submits an application for a distribution; and

(3) if the volunteer firefighter is covered by the monthly benefit division of the defined benefit plan, the volunteer firefighter is entitled to begin a distribution of the volunteer firefighter's retirement benefit after the volunteer firefighter has reached age 50 and as soon as practicable after the volunteer firefighter submits an application for a distribution.

Subd. 2. **Application.** No earlier than 30 days and who has completed at least five years of service credit, but has not attained the age of 50 years, is entitled to a deferred service pension on or after attaining the age of 50 years and applying after leaving active firefighting service, a volunteer firefighter entitled to a distribution under subdivision 1 must submit an application to the executive director in a manner specified by the executive director for the service pension. The service pension payable is the nonforfeitable percentage of the service pension under section 353G.09, subdivision 2, and is payable.

Subd. 3. **Retirement benefit during period of deferral.** (a) A volunteer firefighter's account in the defined contribution plan must continue to be invested with the rest of the assets of the individual accounts in the volunteer firefighter's fire department account and, until the account is distributed, credited with investment earnings or reduced by investment losses under section 353G.082, subdivision 4, and a deduction taken for an equal share of the administrative expenses under section 353G.082, subdivision 3, paragraph (b), until the volunteer firefighter's account is distributed.

(b) A volunteer firefighter's retirement benefit in the defined benefit plan must be retained in the defined benefit plan without any interest on or increase in the service pension over during the period of deferral.

Subd. 4. **Forfeiture of accounts of volunteer firefighters who end service.** (a) The portion of an account or pension benefit that is not vested is forfeited as of the earliest of:

(1) the last day of the calendar year that includes the fifth anniversary of the date on which the volunteer firefighter ended service;

(2) immediately upon receiving a lump-sum payment of the entire vested portion of the account or pension benefit; or

(3) immediately upon receiving the final payment consisting of the entire amount remaining in the account or pension benefit that is vested.

(b) A volunteer firefighter with a zero percent vested interest in the account or pension benefit is deemed to have received a distribution on the last day of service, and the account or pension benefit must immediately be forfeited.

(c) Amounts forfeited remain forfeited and must not be reinstated upon the resumption of service with the fire department or any other fire department covered by the retirement plan.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 37. Minnesota Statutes 2023 Supplement, section 353G.11, subdivision 2, is amended to read:

Subd. 2. **Benefit level changes in the lump-sum division level selection of the defined benefit plan.** (a) A fire department's fire chief or the governing body operating a fire department may request an increase in the benefit level as provided in this subdivision.

(b) The fire chief or governing body must request a cost estimate from the executive director of an increase in the service pension level applicable to the active firefighters of the fire department ~~may be requested by: (1) the fire chief of a department that has active membership covered by the lump sum division; or (2) the governing body operating a fire department that has active membership covered by the lump sum division.~~

(c) The executive director must prepare the cost estimate using a procedure certified as accurate by the approved actuary retained by the association.

(d) Within 120 days ~~of the receipt of~~ after receiving the cost estimate ~~prepared by~~ from the executive director using a procedure certified as accurate by the approved actuary retained by the Public Employees Retirement Association, the governing body may approve the ~~service pension~~ benefit level change, effective for January 1 of the following calendar year unless the governing body specifies in the approval document an effective date that is January 1 of the second year following the approval date. If the approval occurs after April 30, the required municipal contribution for the following calendar year must be recalculated and the results reported to the governing body. If not approved within 120 days of the receipt of the cost estimate, the ~~service pension benefit~~ level change is considered to have been disapproved.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 38. Minnesota Statutes 2023 Supplement, section 353G.11, is amended by adding a subdivision to read:

Subd. 2a. **Procedure for changing benefit level.** (a) The fire chief of a fire department that has an active membership that is covered by the monthly benefit retirement division of the plan may initiate the process of modifying the retirement benefit plan document under this section.

(b) The modification procedure is initiated when the applicable fire chief files with the executive director of the Public Employees Retirement Association a written summary of the desired benefit plan document modification, the proposed benefit plan document modification language, a written request for the preparation of an actuarial cost estimate for the proposed benefit plan document modification, and payment of the estimated cost of the actuarial cost estimate.

(c) Upon receipt of the modification request and related documents, the executive director shall review the language of the proposed benefit plan document modification and, if a clarification is needed in the submitted language, shall inform the fire chief of the necessary clarification. Once the proposed benefit plan document modification language has been clarified by the fire chief and resubmitted to the executive director, the executive director shall arrange for the approved actuary retained by the Public Employees Retirement Association to prepare a benefit plan document modification cost estimate under the applicable provisions of section 356.215 and of the standards for actuarial work adopted by the Legislative Commission on Pensions and Retirement. Upon completion of the benefit plan document modification cost estimate, the executive director shall forward the estimate to the fire chief who requested it and to the chief financial officer of the municipality or entity with which the fire department is primarily associated.

(d) The fire chief, upon receipt of the cost estimate, shall circulate the cost estimate with the active firefighters in the fire department and shall take reasonable steps to provide the estimate results to any affected retired members of the fire department and their beneficiaries. The chief financial officer of the municipality or entity associated with the fire department shall present the proposed modification language and the cost estimate to the governing body of the municipality or entity for its consideration at a public hearing held for that purpose.

(e) If the governing body of the municipality or entity approves the modification language, the chief administrative officer of the municipality or entity shall notify the executive director of the Public Employees Retirement Association of that approval. The benefit plan document modification is effective on the January 1 following the date of filing the approval with the Public Employees Retirement Association.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 39. **[353G.114] ANCILLARY BENEFITS AND SUPPLEMENTAL BENEFITS.**

(a) Except as provided under paragraph (b) and sections 353G.115 and 353G.12, no disability, death, funeral, or other ancillary benefit beyond a retirement benefit is payable from the lump-sum division of the defined benefit plan or the defined contribution plan.

(b) Any member or survivor of a deceased member who receives a lump-sum distribution of the member's retirement benefit from the lump-sum division of the defined benefit plan or the defined contribution plan is entitled to a supplemental benefit under section 424A.10.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 40. Minnesota Statutes 2023 Supplement, section 353G.115, is amended to read:

353G.115 DISABILITY BENEFIT COVERAGE; AUTHORITY FOR CASUALTY DISABILITY INSURANCE.

(a) Except as provided in paragraph (b) ~~or (e)~~, no disability benefit is payable from the ~~statewide~~ retirement plan.

~~(b) If the board approves the arrangement, disability coverage for the lump-sum division of the statewide plan members may be provided through a group disability insurance policy obtained from an insurance company licensed to do business in this state. The lump-sum retirement account of the statewide volunteer firefighter plan is authorized to pay the premium for the disability insurance authorized by this paragraph. The proportional amount of the total annual disability insurance premium must be added to the required contribution amount determined under section 353G.08.~~

~~(e)~~ (b) The disability benefit coverage for a fire department in the monthly ~~benefit~~ division is the disability service pension amount specified in the retirement benefit plan document applicable to the ~~fire department,~~ applicable former volunteer firefighter relief association affiliated with the fire department and in effect as of the last day before the date on which retirement coverage transferred to the ~~statewide volunteer firefighter~~ retirement plan, subject to all conditions and limitations in the disability service pension specified therein.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 41. Minnesota Statutes 2023 Supplement, section 353G.12, subdivision 2, is amended to read:

Subd. 2. **Lump-sum ~~plan~~ division; survivor benefit amount.** The amount of the survivor benefit for the lump-sum division is the amount of the ~~lump-sum service pension~~ retirement benefit that would have been payable to the member of the lump-sum division on the date of death if the member had been age 50 or older on that date.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 42. Minnesota Statutes 2023 Supplement, section 353G.12, is amended by adding a subdivision to read:

Subd. 4. **Defined contribution plan; survivor benefit amount.** The amount of the survivor benefit for the defined contribution plan is the amount credited to the individual account of the deceased member on the date of death.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 43. Minnesota Statutes 2023 Supplement, section 353G.14, is amended to read:

353G.14 DISTRIBUTIONS FROM LUMP-SUM DIVISION.

~~Subdivision 1. **Lump sum.** Unless a volunteer firefighter requests an annuity under subdivision 2, The executive director must distribute a the retirement benefit under section 353G.09, subdivision 1a, of a member of the lump-sum service pension division of the defined benefit plan or the defined contribution plan in the form of a single lump-sum payment from the account of each fire department covered by the plan in which the volunteer firefighter earned a retirement benefit under section 353G.09.~~

~~Subd. 2. **Annuity Monthly payments.** The executive director may purchase an annuity contract on behalf of a volunteer firefighter retiring from the lump sum division of the plan with a total premium payment in an amount equal to the lump sum service pension payable under section 353G.09 if the purchase was requested by the volunteer firefighter in a manner prescribed by the executive director. The annuity contract must be purchased from an insurance carrier that is licensed to do business in this state. If purchased, the annuity contract is in lieu of any service pension or other benefit from the lump sum plan of the plan. The annuity contract may be purchased at any time after the volunteer firefighter discontinues active service, but the annuity contract must stipulate that no annuity amounts are payable before the volunteer firefighter attains the age of 50. The executive director must distribute the retirement benefit under section 353G.09, subdivision 1a, of a member of the monthly division of the defined benefit plan in the form of monthly payments as authorized under the retirement benefit plan document for the fire department in which the member is employed or for which the member provides services.~~

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 44. **[353G.19] CONVERSION TO DEFINED CONTRIBUTION PLAN.**

Subdivision 1. **Authority to initiate conversion.** (a) A participating employer associated with a fire department covered by the defined benefit plan, including an entity previously affiliated with a defined benefit relief association when the entity made a request for coverage by the defined contribution plan under section 353G.05, subdivision 1b, paragraph (c), may convert to coverage by the defined contribution plan in accordance with this section.

(b) Conversion from coverage by the defined benefit plan to coverage by the defined contribution plan consists of:

(1) a resolution by the governing body of the participating employer;

(2) notice to all former and active volunteer firefighters of the fire department;

(3) full vesting of all active and former volunteer firefighters with an accrued benefit in the defined benefit plan attributable to service with the fire department; and

(4) allocation of surplus over full funding, if any, to individual accounts in the fire department's new account in the defined contribution plan.

(c) For an entity previously affiliated with a defined benefit relief association when the entity made a request for coverage by the defined contribution plan under section 353G.05, subdivision 1b, paragraph (c), a conversion must occur under paragraph (b) immediately after coverage by the retirement plan of the entity's fire department and the entity's volunteer firefighters takes effect.

Subd. 2. Resolutions by the governing body. To initiate a conversion, the governing body of the participating employer must file with the executive director at least 30 days before the end of a calendar year:

(1) a resolution that states that the fire department elects to participate in the defined contribution plan effective on conversion effective date, which is the first day of the next calendar year; and

(2) if the fire department account had a deficit from full funding as defined under section 353G.08, subdivision 1, paragraph (c), or the special fund of the defined benefit relief association had a deficit from full funding as defined in section 424A.092, subdivision 3, paragraph (b), a resolution approving a contribution to the retirement plan in the amount necessary to eliminate the deficit, which is to be paid within 30 days of the filing of the resolution or in installments over three years, with the first payment to be made within 30 days of the filing of the resolution.

Subd. 3. Notice to participants. The participating employer must provide notice to all active and former volunteer firefighters in the fire department at least 30 days before the conversion effective date. The notice must include:

(1) an explanation that the plan is converting from a defined benefit plan to a defined contribution plan, including definitions of those terms, on the conversion effective date and that the active and former volunteer firefighters will become fully vested in their accrued benefit as of the conversion effective date;

(2) a summary of the terms of the defined contribution plan;

(3) a section tailored to each volunteer firefighter that provides an estimate of the present value of the participant's fully vested accrued benefit and the calculation that resulted in that value;

(4) an estimate of any anticipated surplus and an explanation of the allocation of the surplus; and

(5) contact information for the chief administrative officer or chief financial officer of the participating employer and the designated staff member of the retirement plan who will answer questions and directions to a website.

Subd. 4. Full vesting and determination of accrued benefit. (a) On the conversion effective date, each active or former volunteer firefighter with a retirement benefit under the defined benefit plan, except any retiree in pay status who is receiving a monthly benefit, becomes 100 percent vested as of the conversion effective date in the firefighter's retirement benefit, without regard to the number of years of vesting service credit.

(b) The executive director must determine the present value of each active or former firefighter's accrued benefit as of the conversion effective date, taking into account the full vesting requirement under paragraph (a).

Subd. 5. Surplus over full funding. If the fire department account has a surplus over full funding, as defined under section 353G.08, subdivision 1, paragraph (c), the executive director must allocate the surplus over full funding to the individual account of each active and former volunteer firefighter, except any former volunteer firefighter receiving an annuity, in the same proportion that the volunteer firefighter's accrued benefit bears to the total accrued benefits of all active and former volunteer firefighters.

Subd. 6. Distribution to former volunteer firefighters in pay status. (a) If any former volunteer firefighter or beneficiary is receiving an annuity, the executive director must determine the present value of the remaining payments to the former volunteer firefighter or beneficiary and offer the former volunteer firefighter or beneficiary:

- (1) continued payments in the same monthly amount; or
- (2) an immediate lump-sum distribution of the present value amount.

(b) The offer of an immediate lump-sum distribution must include an offer to the former volunteer firefighter or beneficiary to elect a direct rollover of the amount to an eligible retirement plan as permitted under section 356.635, subdivisions 3 to 7, if the distribution is an eligible rollover distribution as defined in section 356.635, subdivisions 4 and 5.

Subd. 7. Prohibition against reduction in accrued benefit. In no event may the value of a volunteer firefighter's individual account in the defined contribution plan be less as of the day following the conversion effective date than the present value of the volunteer firefighter's accrued benefit as of the day before the conversion effective date.

EFFECTIVE DATE. This section is effective January 1, 2026.

Sec. 45. **REVISOR INSTRUCTION.**

The revisor of statutes shall change the following terms wherever the terms appear in Minnesota Statutes, chapter 353G, unless the context indicates that the previous term should remain. The revisor of statutes shall also make grammatical changes related to the changes in terms:

- (1) "Public Employees Retirement Association" to "association";
- (2) "independent nonprofit firefighting corporation" to "firefighting corporation"; and
- (3) "monthly benefit division" to "monthly division."

Sec. 46. **REPEALER.**

(a) Minnesota Statutes 2022, section 353G.01, subdivision 10, is repealed.

(b) Minnesota Statutes 2023 Supplement, sections 353G.01, subdivisions 7a and 8a; 353G.02, subdivision 6; 353G.08, subdivision 3; 353G.11, subdivisions 1, 1a, 3, and 4; 353G.112; and 353G.121, are repealed.

EFFECTIVE DATE. This section is effective January 1, 2025.

ARTICLE 4
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Section 1. Minnesota Statutes 2022, section 353.028, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For purposes of this section, each of the terms in this subdivision has the meaning indicated.

(b) "City manager" means:

(1) a person who is duly appointed to and is holding the position of city manager in a Plan B statutory city or in a home rule city operating under the "council-manager" form of government; or

(2) a person who is appointed to and is holding the position of chief administrative officer of a home rule charter city or a statutory city under a charter provision, ordinance, or resolution establishing such a position and prescribing its duties and responsibilities.

(c) "Governing body" means the city council of the city employing the city manager.

(d) "Election" means the election described in subdivision 2.

(e) "First employed" means a city manager employed by a city who, prior to employment as a city manager, has not been an employee in any position covered by any retirement plan administered by the association to which the city contributed or by any supplemental pension or deferred compensation plan under section 356.24 sponsored by the city.

EFFECTIVE DATE. This section is effective August 1, 2024.

Sec. 2. Minnesota Statutes 2022, section 353.028, subdivision 2, is amended to read:

Subd. 2. **Election.** (a) A city manager first employed by a city may ~~elect~~ make a onetime, irrevocable election to be excluded from membership in the general employees retirement plan of the ~~Public Employees Retirement~~ association. The election of exclusion must be made within ~~six months~~ 30 days following the commencement of employment, must be made in writing on a form prescribed by the executive director, and must be approved by a resolution adopted by the governing body of the city. The election of exclusion is not effective until it is filed with the executive director. Membership of a city manager in the general employees retirement plan ceases on the date the written election is received by the executive director ~~or upon a later date specified~~. Employee and employer contributions made during the first 30 days of employment on behalf of a person exercising the option to be excluded from membership under this ~~section~~ paragraph must be refunded or credited in accordance with section 353.27, subdivision 7.

(b) A city manager who has ~~elected exclusion under this subdivision~~ may elect to revoke that action by filing a written notice with the executive director. ~~The notice must be on a form prescribed by the executive director and must be approved by a resolution of the governing body of the city. Membership of the city manager in the association resumes prospectively from the date of the first day of the pay period for which contributions were deducted or, if pay period coverage dates are not provided, the date on which the notice of revocation or contributions are received in the office of the association, provided that the notice of revocation is received by the association within 60 days of the receipt of contributions~~ previously been an employee in any position covered by any retirement plan administered by the association to which the city contributed or by any supplemental pension or deferred compensation plan under section 356.24 sponsored by the city is not eligible to make the election under paragraph (a).

(c) ~~An election under paragraph (b) is irrevocable.~~ Any election under paragraph (a) ~~or (b)~~ must include a statement that the individual will not seek authorization to purchase service credit for any period of excluded service.

EFFECTIVE DATE. This section is effective August 1, 2024.

Sec. 3. Minnesota Statutes 2022, section 353.028, subdivision 3, is amended to read:

Subd. 3. **Deferred compensation; city contribution.** (a) If an election of exclusion under subdivision 2 is made, and if the city manager and the governing body of the city additionally agree in writing that the additional compensation is to be deferred and is to be contributed on behalf of the city manager to a deferred compensation program ~~which that~~ meets the requirements of section 457 of the Internal Revenue Code of 1986, as amended, and

section 356.24, the governing body may compensate the city manager, in addition to the salary allowed under any limitation imposed on salaries by law or charter, in an amount equal to the employer contribution ~~which that~~ would be required by section 353.27, subdivision 3, if the city manager were a member of the general employees retirement plan.

(b) Alternatively, if an election of exclusion under subdivision 2 is made, the city manager and the governing body of the city may agree in writing that the equivalent employer contribution to the contribution under section 353.27, subdivision 3, be contributed by the city to the defined contribution plan of the Public Employees Retirement Association under chapter 353D. Any agreement under this paragraph must be entered into within 30 days following the commencement of employment.

EFFECTIVE DATE. This section is effective August 1, 2024.

Sec. 4. Minnesota Statutes 2022, section 353.028, subdivision 5, is amended to read:

Subd. 5. **Election; Other employment.** If a city manager who has made an election to be excluded under subdivision 2 subsequently accepts employment in another governmental subdivision or ~~subsequently accepts employment in a position~~ other than as a city manager in the same city, the election is rescinded on the effective date of employment.

EFFECTIVE DATE. This section is effective August 1, 2024.

Sec. 5. Minnesota Statutes 2022, section 353.33, subdivision 7, is amended to read:

Subd. 7. **Partial reemployment Limitation on disability benefit payments.** (a) If, following a work or non-work-related injury or illness, a ~~disabled person~~ member who remains totally and permanently disabled as defined in section 353.01, subdivision 19, has ~~income~~ earnings from employment that is not substantial gainful activity ~~and the rate of earnings from that employment are less than, the amount of the member's disability benefit must be reduced as described in paragraph (b) if the total of the disability benefit and earnings exceeds the greater of:~~

(1) the base monthly salary rate the member had been receiving at the date of disability; or

(2) the base monthly salary rate currently paid by the employing governmental subdivision for similar positions similar to the employment position held by the disabled person immediately before becoming disabled, whichever is greater, the executive director shall continue.

(b) ~~If paragraph (a) applies, the member's disability benefit in an amount that, when added to the earnings and any workers' compensation benefit, does~~ must be reduced until the disability benefit plus the monthly earnings from employment do not exceed the salary rate at the date of disability or the salary currently paid for positions similar to the employment position held by the disabled person immediately before becoming disabled, whichever is higher greater of the salaries described in paragraph (a), clause (1) or (2).

~~The disability benefit under this subdivision may not exceed the disability benefit originally allowed, plus any postretirement adjustments payable after December 31, 1988, in accordance with Minnesota Statutes 2008, section 44A.18, subdivision 10, or Minnesota Statutes 2008, section 356.41, through January 1, 2009, and thereafter as provided in section 356.415. No deductions for the retirement fund may be taken from the salary of a disabled person who is receiving a disability benefit as provided in this subdivision.~~

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 6. Minnesota Statutes 2022, section 353.33, subdivision 7a, is amended to read:

Subd. 7a. **Trial work period.** (a) This subdivision applies only to the Public Employees Retirement Association general employees retirement plan.

(b) If, following a work or non-work-related injury or illness, a ~~disabled~~ member receiving disability benefits attempts to return to work for ~~their~~ the member's previous public employer or attempts to return to a similar position with another public employer, on a full-time or less than full-time basis, the ~~Public Employees Retirement Association~~ shall ~~must~~ continue paying the disability benefit for a period not to exceed six months. The disability benefit must continue in an amount that, when added to the subsequent employment earnings ~~and workers' compensation benefit~~, does not exceed the base monthly salary the member had been receiving at the date of disability or the base monthly salary rate currently paid for similar positions, whichever is higher.

(c) No deductions for the general employees retirement plan may be taken from the salary of a disabled person who is attempting to return to work under this provision unless the member waives further disability benefits.

(d) A member only may return to employment and continue disability benefit payments once while receiving disability benefits from the general employees retirement plan ~~administered by the Public Employees Retirement Association.~~

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 7. Minnesota Statutes 2023 Supplement, section 353.335, subdivision 1, is amended to read:

Subdivision 1. **Reemployment earnings reporting required.** Unless waived by the executive director, a disability benefit recipient must report all earnings from reemployment ~~and from income from workers' compensation~~ to the association annually by May 15 in a format prescribed by the executive director. If the form is not submitted by May 15, benefits must be suspended effective June 1. If, upon receipt of the form, the executive director determines that the disability benefit recipient is eligible for continued payment, benefits must be reinstated retroactive to June 1. The executive director may waive the requirements in this section if the medical evidence supports that the disability benefit recipient will not have earnings from reemployment.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 8. Minnesota Statutes 2022, section 353.64, subdivision 1, is amended to read:

Subdivision 1. **Police and fire plan membership; mandatory.** ~~(a)~~ A governmental subdivision must report a public employee for membership in the police and fire plan if the employee is employed full time as specified in clause (1), (2), or (3):

(1) a full-time police officer or a person in charge of a designated police or sheriff's department, who by virtue of that employment is required by the employing governmental subdivision to be and is licensed by the Minnesota peace officer standards and training board under sections 626.84 to 626.863, who is charged with the prevention and detection of crime, who has the full power of arrest, who is assigned to a designated police or sheriff's department, and whose primary job is the enforcement of the general criminal laws of the state;

(2) a full-time firefighter or a ~~person in charge of a designated fire company or companies who~~ supervisor of other firefighters who, in either case, is employed in a fire department, is required by the employing governmental subdivision to be and is licensed by the Board of Firefighter Training and Education under section 299N.05, and who is engaged in the hazards of or exposed to hazardous conditions resulting from firefighting or fire prevention, suppression, or investigation; or

(3) a full-time police officer or firefighter meeting ~~all the~~ requirements of clause (1) or (2), as applicable, who as part of the employment position is ~~periodically~~ assigned less than 50 percent of the time to perform employment duties in the same department that are not within the scope of ~~this subdivision~~ the employment duties described in clause (1) or (2).

(b) An individual to which paragraph (a), clause (3), applies must contribute as a member of the police and fire plan for ~~both the primary and secondary~~ all services ~~that are~~ provided to the employing governmental subdivision.

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

Sec. 9. Minnesota Statutes 2022, section 353.64, subdivision 2, is amended to read:

Subd. 2. **Police and fire fund plan membership; part-time employment coverage option.** (a) The governing body of a governmental subdivision may adopt a resolution, subject to requirements specified in paragraph (b), declaring that a public employee employed in a position on a part-time basis by that governmental subdivision is covered by the police and fire plan for that employment.

(b) If the public employee's position is related to police service, the resolution is valid if the conditions specified in paragraph (c) are met. If the public employee's position is related to fire service, the resolution is valid if the conditions specified in paragraph (d) are met. If the public employee in the applicable position is periodically assigned to employment duties not within the scope of ~~this~~ the employment duties described in subdivision 1, paragraph (a), clause (1) or (2), the resolution is considered valid if the governing body of the governmental subdivision declares that the public employee's position, for ~~primary services provided~~ at least 50 percent of the time worked, satisfies ~~all of~~ the requirements of subdivision 1, paragraph (a), clause (3), other than the requirement of full-time employment.

(c) For the governing body of the governmental subdivision to declare a position to be that of a police officer, the duties and qualifications of the person so employed must, at a minimum, satisfy all of the requirements of subdivision 1, paragraph (a), clause (1), other than the requirement of full-time employment.

(d) For the governing body of a governmental subdivision to declare a position to be that of a firefighter, the duties and qualifications of the person so employed must, at a minimum, satisfy ~~all of~~ the requirements of subdivision 1, paragraph (a), clause (2), other than the requirement of full-time employment.

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

Sec. 10. Minnesota Statutes 2022, section 353.64, subdivision 4, is amended to read:

Subd. 4. **Resolution filing.** (a) A copy of the resolution of the governing body declaring a position to be that of police officer or firefighter shall be promptly filed with the board of trustees and shall be irrevocable.

(b) Following the receipt of ~~adequate~~ notice from the association, if a valid resolution is not filed with the ~~public employees retirement~~ association within six months following the date of that notice, any contributions or deductions made to the police and fire ~~fund plan~~ for the applicable employment are deemed to be contributions or deductions transmitted in error under section 353.27, subdivision 7a.

(c) The association must consider the filing by the governing body of a governmental subdivision of a resolution that satisfies the requirements of this section regarding an employee as sufficient evidence that the employee satisfies the eligibility requirements of this section, including subdivision 1, paragraph (a), clause (3), and subdivision 2.

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

Sec. 11. Minnesota Statutes 2022, section 353.64, subdivision 5a, is amended to read:

Subd. 5a. **Transfers.** (a) A member of the police and fire ~~fund plan~~ continues to be a member of ~~that fund the police and fire plan~~ if the member is transferred or has a change in employment:

(1) to a different position ~~with associated~~ within the same police or fire department functions in the same department or a related;

(2) to a police department in ~~the same~~ another governmental subdivision provided in the state of Minnesota; or

(3) to a fire department in another governmental subdivision in the state of Minnesota.

(b) The governing body ~~sends of the governmental subdivision that employs the member, in the case of a transfer under paragraph (a), clause (1), or the governing body of the governmental subdivision by which the member becomes employed, in the case of a transfer under paragraph (a), clause (2) or (3), must send~~ a copy of a resolution to that effect to the association. A police and fire ~~fund plan~~ member who is elected or assumes an appointive position, including but not limited to, the positions of city council member, city manager, and finance director is not eligible to retain membership in the public employees police and fire ~~fund plan~~.

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

Sec. 12. Minnesota Statutes 2023 Supplement, section 353D.01, subdivision 2, is amended to read:

Subd. 2. **Eligibility.** (a) Eligibility to participate in the plan is available to:

(1) any elected or appointed local government official of a governmental subdivision who elects to participate in the plan under section 353D.02, subdivision 1, and who, for the service rendered to a governmental subdivision, is not a member of the association within the meaning of section 353.01, subdivision 7;

(2) physicians who, if they did not elect to participate in the plan under section 353D.02, subdivision 2, would meet the definition of member under section 353.01, subdivision 7;

(3) basic and advanced life-support emergency medical service personnel who are employed by any public ambulance service that elects to participate under section 353D.02, subdivision 3;

(4) members of a municipal rescue squad associated with the city of Litchfield in Meeker County, or of a county rescue squad associated with Kandiyohi County, if an independent nonprofit rescue squad corporation, incorporated under chapter 317A, performing emergency management services, and if not affiliated with a fire department or ambulance service and if its members are not eligible for membership in that fire department's or ambulance service's relief association or comparable pension plan;

(5) employees of the Port Authority of the city of St. Paul who elect to participate in the plan under section 353D.02, subdivision 5, and who are not members of the association under section 353.01, subdivision 7;

(6) city managers who elected to be excluded from the general employees retirement plan of the association under section 353.028 and who elected to participate in the public employees defined contribution plan under section 353.028, subdivision 3, paragraph (b);

(7) volunteer or emergency on-call firefighters serving in a municipal fire department or an independent nonprofit firefighting corporation who are not covered by the police and fire retirement plan and who are not covered by a volunteer firefighters relief association and who elect to participate in the public employees defined contribution plan;

(8) ~~any elected county sheriffs sheriff who are is a former members member of the police and fire plan and who are, is receiving a retirement annuity as provided under section 353.651, who does not have previous employment with the county for which the sheriff was elected;~~ and

(9) persons appointed to serve on a board or commission of a governmental subdivision or an instrumentality thereof.

(b) Individuals otherwise eligible to participate in the plan under this subdivision who are currently covered by a public or private pension plan because of their employment or provision of services are not eligible to participate in the public employees defined contribution plan.

(c) A former participant is a person who has terminated eligible employment or service and has not withdrawn the value of the person's individual account.

EFFECTIVE DATE. This section is effective August 1, 2024.

Sec. 13. Minnesota Statutes 2022, section 353D.02, as amended by Laws 2023, chapter 47, article 3, section 3, is amended to read:

353D.02 ELECTION OF COVERAGE.

Subdivision 1. **Local government officials.** Eligible elected or appointed local government officials may elect to participate in the defined contribution plan ~~after~~ within the first 30 days of being elected or appointed to public office by filing a membership application on a form prescribed by the executive director of the association authorizing contributions to be deducted from the official's salary. Participation begins on the first day of the pay period for which the contributions were deducted or, if pay period coverage dates are not provided, the date on which the membership application or contributions are received in the office of the association, whichever is received first, provided further that the membership application is received by the association within 60 days of the receipt of the contributions. An election to participate in the plan is ~~revocable during incumbency~~ irrevocable.

Subd. 2. **Eligible physician.** Eligible physicians may elect to participate in the defined contribution plan ~~within 90~~ the first 30 days of commencing employment with a government subdivision under section 353.01, subdivision 6, by filing a membership application on a form prescribed by the executive director of the association authorizing contributions to be deducted from the physician's salary. Participation begins on the first day of the pay period for which the contributions were deducted. An election to participate in the defined contribution plan is irrevocable.

Subd. 3. **Eligible ambulance service personnel.** Each public ambulance service with eligible personnel may elect to participate in the plan. If a service elects to participate, its eligible personnel may elect to participate or ~~to~~ decline to participate. An individual's election must be made within 30 days of the service's election to participate or within 30 days of the date on which the individual was employed by began employment with the service or began to provide service for it, whichever date is later. An election by a service or an individual is ~~revocable~~ irrevocable.

Subd. 4. **Eligible rescue squad personnel.** The municipality or county, as applicable, associated with a rescue squad under section 353D.01, subdivision 2, paragraph (a), clause (4), may elect to participate in the plan. If the municipality or county, as applicable, elects to participate, the eligible personnel may elect to participate or decline to participate. An eligible individual's election must be made within 30 days of the service's election to participate or within 30 days of the date on which the individual begins to provide service to first began employment with the rescue squad, whichever is later. Elections under this subdivision by a government unit or individual are irrevocable. The municipality or county, as applicable, must specify by resolution eligibility requirements for rescue squad personnel which must be satisfied if the individual is to be authorized to make the election under this subdivision.

Subd. 5. **St. Paul Port Authority personnel.** Employees of the Port Authority of the city of St. Paul who do not elect to participate in the general employees retirement plan may elect within the first 30 days of commencing employment to participate in the plan by filing a membership application on a form prescribed by the executive director of the association authorizing contributions to be deducted from the employee's salary. Participation begins on the first day of the pay period for which the contributions were deducted or, if pay period coverage dates are not provided, the date on which the membership application or the contributions are received in the office of the association, whichever is received first, if the membership application is received by the association within 60 days of the receipt of the contributions. An election to participate in the plan is irrevocable.

Subd. 6. **City managers.** City managers who elected to be excluded from the general employees retirement plan of the Public Employees Retirement Association under section 353.028, and who elected to participate in the plan under section 353.028, subdivision 3, paragraph (b), ~~shall~~ must file that election with the executive director within the first 30 days of commencing employment. Participation begins on the first day of the pay period next following the date of the coverage election. An election to participate by a city manager is ~~revocable~~ irrevocable.

Subd. 7. **Certain volunteer firefighters.** Volunteer or ~~emergency~~ on-call firefighters who are serving as members of a municipal fire department or an independent nonprofit firefighting corporation and who are not covered for that firefighting service by the public employees police and fire retirement plan under sections 353.63 to 353.68 ~~or, by the applicable a~~ volunteer firefighters relief association under chapter 424A, or by the statewide volunteer firefighter retirement plan under chapter 353G may elect to participate in the plan within the first 30 days of commencing service. An eligible firefighter's election is irrevocable. No employer contribution is payable by the fire department or the firefighting corporation unless the municipal governing body or the firefighting corporation governing body, whichever applies, ratifies the election.

Subd. 8. **Election available only upon first hire and no prior retirement plan eligibility.** Notwithstanding any other provisions under this section, an election under this section is available to eligible participants only within the first 30 days of commencing employment or service with the governmental subdivision. If the eligible participant has previously been or is currently in a position covered by any retirement plan administered by the association to which the governmental subdivision contributed or by any supplemental pension or deferred compensation plan under section 356.24 sponsored by the governmental subdivision, then the eligible participant must not receive an election.

EFFECTIVE DATE. This section is effective August 1, 2024.

Sec. 14. Minnesota Statutes 2022, section 353E.03, is amended to read:

353E.03 CORRECTIONAL SERVICE PLAN CONTRIBUTIONS.

Subdivision 1. **Member contributions.** A member of the ~~local government correctional service retirement~~ plan shall make an employee contribution in an amount equal to ~~5.83~~ 6.83 percent of salary.

Subd. 2. **Employer contributions.** The employer shall contribute for a member of the ~~local government correctional service retirement~~ plan an amount equal to ~~8.75~~ 10.25 percent of salary.

Subd. 3. **Contribution deductions.** The head of each department of each governmental subdivision that employs members of the local government correctional service retirement plan must deduct employee contributions in the manner and subject to the terms provided in section 353.27, subdivision 4.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 15. Minnesota Statutes 2022, section 353E.04, subdivision 3, is amended to read:

Subd. 3. **Annuity amount.** (a) The average salary as defined in subdivision 2, multiplied by 1.9 percent for each year of allowable service before July 1, 2025, and 2.2 percent for each year of allowable service beginning on or after July 1, 2025, determines the amount of the normal retirement annuity.

(b) If a person has earned allowable service in the general employees retirement plan of the Public Employees Retirement Association or the public employees police and fire retirement plan before participation under this chapter, the retirement annuity representing such service must be computed in accordance with the formula specified in sections 353.29 and 353.30 or 353.651, whichever applies.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 16. Minnesota Statutes 2022, section 353E.06, subdivision 6, is amended to read:

Subd. 6. **~~Resumption of employment~~ Limitation on disability benefit payments.** ~~(a) If a disabled employee member receiving disability benefits resumes a gainful occupation from which with earnings are less than the amount of the member's disability benefit must be reduced as described in paragraph (b) if the total of the disability benefit and earnings exceeds the greater of:~~

~~(1) the base monthly salary received rate the member had been receiving at the date of disability; or~~

~~(2) the base monthly salary rate currently paid by the employing governmental subdivision for similar positions, or should the employee be entitled to receive workers' compensation benefits,;~~

~~(b) If paragraph (a) applies, the member's disability benefit must be continued in an amount that, when added to such earnings during the months of employment, and workers' compensation benefits, if applicable, does reduced until the disability benefit plus the monthly earnings from employment do not exceed the monthly salary received at the date of disability or the monthly salary currently payable for the same employment position or an employment position substantially similar to the one the person held as of the date of the disability, whichever is greater of the salaries described in paragraph (a), clause (1) or (2).~~

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 17. **ONETIME IRREVOCABLE ELECTION.**

Subdivision 1. **City managers.** (a) A city manager hired by a city within six months before August 1, 2024, and who is currently participating in the general employee retirement plan of the Public Employees Retirement Association may make a onetime irrevocable election to be excluded from membership if the election is:

(1) in writing on a form prescribed by the executive director;

(2) approved by a resolution adopted by the governing body of the city; and

(3) received by the executive director between October 1, 2024, and October 30, 2024.

(b) Membership of a city manager in the general employees retirement plan ceases on the date that the written election is received by the executive director. Employee and employer contributions made on behalf of a person exercising the option to be excluded from membership under this subdivision must be refunded or credited in accordance with Minnesota Statutes, section 353.27, subdivision 7.

Subd. 2. **Local government officials.** A local government official elected or appointed to public office in a city within six months before the effective date of this act may make a onetime irrevocable election to participate in the public employees defined contribution plan if the election is:

- (1) in writing on a form prescribed by the executive director;
- (2) approved by a resolution adopted by the governing body of the city; and
- (3) received by the executive director between October 1, 2024, and October 30, 2024.

Subd. 3. **Public ambulance service personnel.** Eligible personnel hired by or providing service to a participating public ambulance service within six months before the effective date of this act may make a onetime irrevocable election to participate in the public employees defined contribution plan if the election is:

- (1) in writing on a form prescribed by the executive director; and
- (2) received by the executive director between October 1, 2024, and October 30, 2024.

EFFECTIVE DATE. This section is effective August 1, 2024.

Sec. 18. **REPEALER.**

(a) Minnesota Statutes 2022, section 353D.071, is repealed effective the day following final enactment.

(b) Minnesota Statutes 2022, section 353.33, subdivision 5, and Minnesota Statutes 2023 Supplement, section 353.335, subdivision 2, are repealed effective January 1, 2025.

ARTICLE 5 MINNESOTA STATE RETIREMENT SYSTEM

Section 1. Minnesota Statutes 2022, section 352.01, subdivision 13, is amended to read:

Subd. 13. **Salary.** (a) Subject to the limitations of section 356.611, "salary" means wages, or other periodic compensation, paid to an employee before deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs.

(b) "Salary" does not include:

- (1) lump-sum sick leave payments;
- (2) severance payments;
- (3) lump-sum annual leave payments and overtime payments made at the time of separation from state service;
- (4) payments in lieu of any employer-paid group insurance coverage, including the difference between single and family rates that may be paid to an employee with single coverage;
- (5) payments made as an employer-paid fringe benefit;
- (6) workers' compensation payments;

(7) employer contributions to a deferred compensation or tax-sheltered annuity program; and

(8) amounts contributed under a benevolent vacation and sick leave donation program.

(c) Amounts ~~provided~~ paid to an employee by the employer through a grievance proceeding or a legal settlement are salary only if the grievance or settlement is reviewed by the executive director and agreement is received by the executive director no fewer than 14 days before payment is made and the executive director determines that:

(1) the grievance or settlement agreement describes with sufficient specificity the period or periods of time worked or not worked by the employee for which the amounts are compensation; and

(2) the amounts are determined by the executive director to be consistent with salary as defined in paragraph (a) and the determination is consistent with prior determinations.

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

Sec. 2. Minnesota Statutes 2022, section 352.03, subdivision 5, is amended to read:

Subd. 5. **Executive director, deputy director, and assistant director.** (a) The board shall appoint an executive director, in this chapter called the director, on the basis of education, experience in the retirement field, ability to manage and lead system staff, and ability to assist the board in setting a vision for the system. The director must have had at least five years' experience in either an executive level management position or in a position with responsibility for the governance, management, or administration of a retirement plan.

(b) The executive director, deputy director, and assistant director must be in the unclassified service but appointees may be selected from civil service lists if desired. Notwithstanding any law to the contrary, the board must set the salary of the executive director. ~~The salary of the executive director must not exceed the limit for a position listed in section 15A.0815, subdivision 2.~~ The board must set the salary of the executive director with reference to a salary range in the managerial plan in effect under section 43A.18, subdivision 3. The board must designate the salary range and the salary of the executive director, which must not exceed the maximum for the salary range. The salary of the deputy director and assistant director must be set in accordance with section 43A.18, subdivision 3.

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

Sec. 3. Minnesota Statutes 2022, section 352.113, subdivision 1, is amended to read:

Subdivision 1. **Age and service requirements.** (a) An employee covered by the system, ~~who is less than who~~ has satisfied the applicable allowable service credit requirement under section 352.115, subdivision 1, has not reached normal retirement age, and who becomes totally and permanently disabled after three or more years of allowable service if employed before July 1, 2010, or after five or more years of allowable service if employed after June 30, 2010, is entitled to a disability benefit in an amount provided in subdivision 3.

(b) If the disabled employee's state service has terminated at any time, the employee must have at least two years of allowable service after last becoming a state employee covered by the system.

(c) Refunds may be repaid under section 352.23 before the effective accrual date of the disability benefit under subdivision 2.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2023.

Sec. 4. Minnesota Statutes 2022, section 352.12, subdivision 1, is amended to read:

Subdivision 1. **Death before termination of service.** If an employee dies before state service has terminated and neither a survivor annuity nor a ~~reversionary bounce-back~~ annuity is payable on behalf of the employee, or if a former employee who has sufficient service credit to be entitled to an annuity dies before the annuity has become payable, a refund ~~with in an amount equal to the employee's accumulated contributions plus~~ interest is payable upon filing a written application on a form prescribed by the executive director. The refund is payable to the last designated beneficiary or, if there is none, to the surviving spouse or, if none, to the employee's surviving children in equal shares or, if none, to the employee's surviving parents in equal shares or, if none, to the representative of the estate. Interest must be computed as provided in section 352.22, subdivision 2. Upon the death of an employee who has received a refund that was later repaid in full, interest must be paid on the repaid refund only from the date of the repayment. If the repayment was made in installments, interest must be paid only from the date on which the installment payments began. The designated beneficiary, the surviving spouse, or the representative of the estate of an employee who had received a disability benefit is not entitled to the payment of interest upon any balance remaining to the decedent's credit in the fund at the time of death, unless the death occurred before any payment could be negotiated.

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

Sec. 5. Minnesota Statutes 2022, section 352.12, subdivision 2, is amended to read:

Subd. 2. **Surviving spouse benefit.** (a) If an employee or former employee has ~~credit for at least three years allowable service if the employee was employed before July 1, 2010, or for at least five years of allowable service if the employee was employed after June 30, 2010,~~ satisfied the applicable allowable service credit requirement under section 352.115, subdivision 1, and dies before an annuity or disability benefit has become payable, notwithstanding any designation of beneficiary to the contrary, the surviving spouse of the employee may elect to receive, in lieu of the refund with interest under subdivision 1, an annuity equal to the joint and 100 percent survivor annuity which the employee or former employee could have qualified for on the date of death.

(b) If the employee was an active employee at the time of the employee's death, was under age 55, and has credit for at least 30 years of allowable service on the date of death, the surviving spouse may elect to receive a 100 percent joint and survivor annuity based on the age of the employee and surviving spouse on the date of death. The annuity is payable using the full early retirement reduction under section 352.116, subdivision 1, paragraph (b), to age 55 and one-half of the early retirement reduction from age 55 to the age payment begins.

(c) If the employee was an active employee at the time of the employee's death, was under age 55, and has ~~credit for at least three years of allowable service credit on the date of death if the employee was employed before July 1, 2010, or for at least five years of allowable service if the employee was employed after June 30, 2010,~~ satisfied the applicable allowable service credit requirement under section 352.115, subdivision 1, but did not yet qualify for retirement, the surviving spouse may elect to receive a 100 percent joint and survivor annuity based on the age of the employee and surviving spouse at the time of death. The annuity is payable using the full early retirement reduction under section 352.116, subdivision 1 or 1a, to age 55 and one-half of the early retirement reduction from age 55 to the age payment begins.

(d) The surviving spouse eligible for benefits under paragraph (a) may apply for the annuity at any time after the date on which the employee or former employee would have attained the required age for retirement based on the allowable service earned. The surviving spouse eligible for surviving spouse benefits under paragraph (b) or (c) may apply for the annuity at any time after the employee's death. The annuity must be computed under sections 352.115, subdivisions 1, 2, and 3, and 352.116, subdivisions 1, 1a, and 3. ~~Sections Section 352.22, subdivision subdivisions 3, and 352.72, subdivision 2 3a,~~ apply to a deferred annuity ~~or payable to a surviving spouse benefit payable~~ under this subdivision. The annuity must cease with the last payment received by the surviving spouse in

the lifetime of the surviving spouse, or upon expiration of a term certain benefit payment to a surviving spouse under subdivision 2a. An amount equal to the excess, if any, of the accumulated contributions credited to the account of the deceased employee in excess of the total of the benefits paid and payable to the surviving spouse must be paid to the deceased employee's or former employee's last designated beneficiary or, if none, as specified under subdivision 1.

(e) Any employee or former employee may request in writing, with the signed consent of the spouse, that this subdivision not apply and that payment be made only to a designated beneficiary as otherwise provided by this chapter.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2023.

Sec. 6. Minnesota Statutes 2022, section 352.12, subdivision 2b, is amended to read:

Subd. 2b. **Dependent child survivor coverage.** If there is no surviving spouse eligible for benefits under subdivision 2, a dependent child or children as defined in section 352.01, subdivision 26, is eligible for monthly payments under this subdivision, but only if the dependent child or children did not elect to receive a refund under subdivision 1. Payments to a dependent child must be paid from the date of the employee's death to the date the dependent child attains age 20 if the child is under age 15. If the child is 15 years or older on the date of death, payment must be made for five years. The payment to a dependent child is an amount actuarially equivalent to the value of a 100 percent optional annuity under subdivision 2 using the age of the employee and age of the dependent child at the date of death in lieu of the age of the surviving spouse. If there is more than one dependent child, each dependent child shall receive a proportionate share of the actuarial value of the employee's account.

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

Sec. 7. Minnesota Statutes 2022, section 352.12, subdivision 7, is amended to read:

Subd. 7. **Absence of optional or ~~reversionary~~ bounce-back annuity.** Upon the death of a retired employee who selected neither an optional annuity or a ~~reversionary~~ bounce-back annuity, a refund must be paid in an amount equal to the excess, if any, of the accumulated contributions to the credit of the retired employee immediately before retirement in excess of the sum of (1) all annuities, retirement allowances, and disability benefits that had been received and had accrued in the lifetime of the decedent, and (2) the annuity, retirement allowance, or disability benefit if not negotiated, payable to the surviving spouse under section 352.115, subdivision 8, or 352.113, subdivision 4, for the calendar month in which the retired employee died. The refund must be paid to the named beneficiary or, if there be none, to the surviving spouse or, if none, to the employee's surviving children in equal shares or, if none, to the employee's surviving parents in equal shares or, if none, to the representative of the estate.

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

Sec. 8. Minnesota Statutes 2022, section 352.12, subdivision 8, is amended to read:

Subd. 8. **Optional or ~~reversionary~~ bounce-back annuity.** If the last eligible recipient of an optional annuity dies and the total amounts paid under it are less than the accumulated contributions to the credit of the retired employee immediately before retirement, the balance of accumulated contributions must be paid to the person designated by the retired employee in writing to receive payment. If no designation has been made by the retired employee, the remaining balance of accumulated contributions must be paid to the surviving children of the deceased recipient of the optional annuity in equal shares. If there are no surviving children, payment must be made to the deceased recipient's parents or, if none, to the representative of the deceased recipient's estate.

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

Sec. 9. Minnesota Statutes 2023 Supplement, section 352.91, subdivision 3f, as amended by Laws 2024, chapter 79, article 9, section 18, is amended to read:

Subd. 3f. **Additional Department of Human Services personnel.** (a) "Covered correctional service" means service by a state employee in one of the employment positions specified in paragraph (b) in the state-operated forensic services program or the Minnesota Sex Offender Program if at least 75 percent of the employee's working time is spent in direct contact with patients and the determination of this direct contact is certified to the executive director by the commissioner of human services or direct care and treatment executive board.

(b) The employment positions are:

(1) baker;

~~(1)~~ (2) behavior analyst 2;

~~(2)~~ (3) behavior analyst 3;

~~(3)~~ (4) certified occupational therapy assistant 1;

~~(4)~~ (5) certified occupational therapy assistant 2;

~~(5)~~ (6) client advocate;

~~(6)~~ (7) clinical program therapist 2;

~~(7)~~ (8) clinical program therapist 3;

~~(8)~~ (9) clinical program therapist 4;

(10) cook;

(11) culinary supervisor;

~~(9)~~ (12) customer services specialist principal;

~~(10)~~ (13) dental assistant registered;

~~(11)~~ (14) dental hygienist;

(15) food service worker;

(16) food services supervisor;

~~(12)~~ (17) group supervisor;

~~(13)~~ (18) group supervisor assistant;

~~(14)~~ (19) human services support specialist;

~~(15)~~ (20) licensed alcohol and drug counselor;

- ~~(16)~~ (21) licensed practical nurse;
- ~~(17)~~ (22) management analyst 3;
- (23) music therapist;
- ~~(18)~~ (24) occupational therapist;
- ~~(19)~~ (25) occupational therapist, senior;
- ~~(20)~~ (26) physical therapist;
- ~~(21)~~ (27) psychologist 1;
- ~~(22)~~ (28) psychologist 2;
- ~~(23)~~ (29) psychologist 3;
- ~~(24)~~ (30) recreation program assistant;
- ~~(25)~~ (31) recreation therapist lead;
- ~~(26)~~ (32) recreation therapist senior;
- ~~(27)~~ (33) rehabilitation counselor senior;
- ~~(28)~~ (34) residential program lead;
- ~~(29)~~ (35) security supervisor;
- ~~(30)~~ (36) skills development specialist;
- ~~(31)~~ (37) social worker senior;
- ~~(32)~~ (38) social worker specialist;
- ~~(33)~~ (39) social worker specialist, senior;
- ~~(34)~~ (40) special education program assistant;
- ~~(35)~~ (41) speech pathology clinician;
- ~~(36)~~ (42) substance use disorder counselor senior;
- ~~(37)~~ (43) work therapy assistant; and
- ~~(38)~~ (44) work therapy program coordinator.

EFFECTIVE DATE. This section is effective on the first day of the first payroll period occurring after the day of enactment.

Sec. 10. Minnesota Statutes 2022, section 352.95, subdivision 4, is amended to read:

Subd. 4. **Medical or psychological evidence.** (a) An applicant shall provide medical, chiropractic, or psychological evidence to support an application for disability benefits. The director ~~shall~~ may have the employee examined by at least one additional licensed physician, APRN, chiropractor, or psychologist who is designated by the medical adviser. The physicians, APRNs, chiropractors, or psychologists with respect to a mental impairment, shall make written reports to the director concerning the question of the employee's disability, including their expert opinions as to whether the employee has an occupational disability within the meaning of section 352.01, subdivision 17a, and whether the employee has a duty disability, physical or psychological, under section 352.01, subdivision 17b, or has a regular disability, physical or psychological, under section 352.01, subdivision 17c. The director shall also obtain written certification from the employer stating whether or not the employee is on sick leave of absence because of a disability that will prevent further service to the employer performing normal duties as defined in section 352.01, subdivision 17d, or performing less frequent duties as defined in section 352.01, subdivision 17e, and as a consequence, the employee is not entitled to compensation from the employer.

(b) If, on considering the reports by the physicians, APRNs, chiropractors, or psychologists and any other evidence supplied by the employee or others, the medical adviser finds that the employee has an occupational disability within the meaning of section 352.01, subdivision 17a, the adviser shall make the appropriate recommendation to the director, in writing, together with the date from which the employee has been disabled. The director shall then determine the propriety of authorizing payment of a duty disability benefit or a regular disability benefit as provided in this section.

(c) Unless the payment of a disability benefit has terminated because the employee no longer has an occupational disability, or because the employee has reached either age 55 or the five-year anniversary of the effective date of the disability benefit, whichever is later, the disability benefit must cease with the last payment which was received by the disabled employee or which had accrued during the employee's lifetime. While disability benefits are paid, the director has the right, at reasonable times, to require the disabled employee to submit proof of the continuance of an occupational disability. If any examination indicates to the medical adviser that the employee no longer has an occupational disability, the disability payment must be discontinued upon the person's reinstatement to state service or within 60 days of the finding, whichever is sooner.

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

Sec. 11. **[352B.115] REEMPLOYMENT.**

Subdivision 1. Return to employment. (a) A member of the State Patrol retirement plan who has separated from service and is receiving an annuity under section 352B.08 or has applied to receive an annuity under section 352B.08 may return to employment in the same department and to a position covered by the State Patrol retirement plan as early as:

(1) the second day after separation from service if the member is at least age 55; or

(2) the 31st day after separation from service if the member is at least age 50 but not yet age 55.

(b) The executive director must seek repayment of any annuity payments made to a member who returns to employment before the earliest day under paragraph (a), clause (1) or (2), as applicable. The executive director may waive the repayment requirement if the member's failure to comply with paragraph (a), clause (1) or (2), as applicable, was inadvertent or due to no fault of the member.

Subd. 2. Effect on annuity. (a) A member's return to employment under subdivision 1 does not impact the member's continued receipt of an annuity or commencement of annuity payments.

(b) During the period of reemployment:

(1) the amount of the annuity must not increase or decrease as a result of the reemployment;

(2) the member must make member contributions as required under section 352B.02, subdivisions 1a and 1b, during the period of reemployment; and

(3) the member's employer must make employer and supplemental contributions as required under section 352B.02, subdivision 1c.

Subd. 3. Separation from service after period of reemployment. The executive director must refund the member's contributions made during the period of reemployment, plus interest, following the member's separation from service after the period of reemployment.

Subd. 4. Other law and rules not applicable. (a) Section 352.115, subdivision 10, does not apply to a member of the State Patrol retirement plan who returns to employment under this section.

(b) Minnesota Rules, part 6700.0675, does not apply to a member of the State Patrol retirement plan who returns to employment under this section.

(c) Minnesota Rules, part 6700.0670, does not apply to a member of the State Patrol retirement plan who returns to employment under this section, except that the member must be fingerprinted and the fingerprints must be forwarded by the employer to the Bureau of Criminal Apprehension and the Federal Bureau of Investigation.

Subd. 5. Effect on mandatory retirement age. A member's right to reemployment under subdivision 1 does not extend or affect the application of the mandatory retirement age under section 43A.34.

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

Sec. 12. Laws 2021, chapter 22, article 2, section 3, is amended to read:

Sec. 3. MSRS; SERVICE CREDIT PURCHASE PERMITTED FOR PERIOD OF EMPLOYMENT AS AN EXCLUDED EMPLOYEE.

Subdivision 1. **Definitions.** For purposes of this section, the following definitions shall apply, unless the context indicates a different meaning is intended:

~~(1) "effective date" means the effective date of section 1;~~

~~(2) (1) "eligible person" means a person state employee or former state employee who: (i) is employed in state service on the effective date or terminated employment in state service during the lookback period; (ii) was an excluded employee for any period of employment before the effective date; and (iii) before the effective date, became eligible for coverage under Minnesota Statutes 2020, section 352.01, subdivision 2b, clause (14), or, on the effective date, became a state employee under the amendment made by section 1 May 26, 2021;~~

~~(3) (2) "excluded employee" means a person who was excluded from coverage under Minnesota Statutes 2020, section 352.01, subdivision 2b, clause (14), or its predecessor; and~~

~~(4) (3) "executive director" means the executive director of the Minnesota State Retirement System; and,~~

~~(5) "lookback period" means the period that begins twelve months before the effective date of section 1 and ends on the effective date.~~

Subd. 1a. **Authorization to purchase service credit.** (a) If the employer of an eligible person notifies the eligible person that the eligible person is entitled to make the payment of missed employee contributions described in subdivision 2, the eligible person may elect to purchase service credit for the period of employment or any portion thereof during which contributions were not made for or by the eligible person because the eligible person was considered an excluded employee.

(b) If the eligible person elects to purchase service credit under paragraph (a), the eligible person must forward the notification from the employer under paragraph (a) to the executive director and request that the executive director determine the amount required under subdivision 2 to pay the missed employee contributions for the period of time that the eligible person did not make employee contributions because the eligible person was considered an excluded employee. The executive director must respond to the eligible person's request no later than 30 days after receiving the request.

(c) The eligible person, upon receipt of the amount calculated by the executive director under paragraph (b), must follow the procedure under subdivision 2 if the eligible person wishes to purchase service credit for a period of employment during which contributions were not made for or by the eligible person.

Subd. 2. ~~Authorizing the purchase of service credit~~ **Payments required.** (a) Notwithstanding any law to the contrary, the executive director must credit a person with allowable service credit for any period of employment during which contributions were not made for the person because the person was considered an excluded employee, if the person is an eligible person and the executive director receives the payment described in paragraph (b) or (c), as applicable, no later than 90 days after the date of the notification from the eligible person's employer under subdivision 1a, paragraph (a).

(b) The eligible person or the employer, on behalf of the eligible person, may, ~~no later than August 31, 2021,~~ pay the ~~missed employee contributions for any period of employment during which contributions were not made for the person because the person was considered an excluded employee,~~ by transmitting the amount of the missed employee contributions in a lump sum to the Minnesota State Retirement System amount calculated by the executive director under subdivision 1a, paragraph (b).

(c) In lieu of the amount under paragraph (a), the eligible person may elect to pay missed employee contributions for less than the entire period of employment during which contributions were not made. The period of employment elected must be consecutive payroll periods and may be payroll periods during which the eligible person received the lowest salary. Upon payment of the missed employee contributions for the period of employment elected, the executive director must credit the eligible person with a proportionate amount of allowable service credit.

(d) If the missed employee contributions are paid, the eligible person's employer must, no later than ~~September 30, 2021~~ 60 days after the date the missed employee contributions are paid, pay the missed employer contributions plus interest, compounded annually, at the applicable annual rate or rates specified in Minnesota Statutes, section 356.59, subdivision 2, on both the employee contributions and the employer contributions, from the end of the year in which the contributions would have been made to the date on which the payment is made, by transmitting the amount of the missed employer contributions plus interest in a lump sum to the Minnesota State Retirement System. If the eligible person elects to pay missed employee contributions for less than the entire period of employment as permitted under paragraph (c), the employer must pay the missed employer contributions plus interest on both the employee contributions and the employer contributions for the payroll periods elected by the eligible person.

(e) The executive director ~~shall~~ must notify the eligible person's employer regarding the amount required under paragraph (d) and the basis for determining the amount. If the employer fails to make all or any portion of the payment required by paragraph (d), the executive director shall follow the procedures in Minnesota Statutes, section 352.04, subdivision 8, paragraph (b), to collect the unpaid amount.

Subd. 3. **Expiration.** This section expires June 30, 2027.

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

Sec. 13. **NEW POSITIONS PERMITTED TO TRANSFER PAST SERVICE CREDIT FROM THE MSRS GENERAL PLAN.**

For each employee whose employment position is baker, cook, culinary supervisor, food service worker, food services supervisor, or music therapist and who enters the correctional state employees retirement plan on the effective date of section 9, the executive director must consider the employee an eligible employee under Minnesota Statutes, section 352.955, subdivision 1, paragraph (b), for purposes of Minnesota Statutes, section 352.955. The executive director must transfer, from the general state employees retirement plan to the correctional state employees retirement plan, any eligible prior correctional employment as defined under Minnesota Statutes, section 352.955, subdivision 1, paragraph (c), if elected by the eligible employee, subject to all other requirements of Minnesota Statutes, section 352.955, including payment by the eligible employee of the additional member contribution as defined under Minnesota Statutes, section 352.955, subdivision 3, paragraph (a).

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

Sec. 14. **WORK GROUP ON MSRS CORRECTIONAL PLAN ELIGIBILITY.**

Subdivision 1. **Work group established.** The executive director of the Legislative Commission on Pensions and Retirement (commission executive director) must convene a work group for the purpose of recommending legislation amending Minnesota Statutes, sections 352.91 and 356.955, and other statutes applicable to eligibility for the Minnesota State Retirement System correctional state employees retirement plan (correctional plan) that will correct the deficiencies in the process under current law for adding employees and positions to coverage by the correctional plan.

Subd. 2. **Membership.** (a) The members of the work group are the following:

(1) the executive director of the Minnesota State Retirement System or the executive director's designee and a second member of the Minnesota State Retirement System staff designated by the executive director of the Minnesota State Retirement System;

(2) the commissioner of corrections or the commissioner's designee and a member of the department's human resources staff with knowledge of the department's process for creating and amending position descriptions of positions in the facilities with employees covered by the correctional plan;

(3) the commissioner of human services or the commissioner's designee and a member of the department's human resources staff with knowledge of the department's process for creating and amending position descriptions of positions in the facilities with employees covered by the correctional plan;

(4) two representatives from the American Federation of State, County and Municipal Employees (AFSCME);

(5) two representatives from the Minnesota Association of Professional Employees (MAPE);

(6) two representatives from the Middle Management Association (MMA); and

(7) one representative from the Minnesota Nurses Association.

(b) the commission executive director may invite others, including legislators and legislative staff, to participate in one or more meetings of the work group.

(c) The organizations specified in paragraph (a) must provide the commission executive director with the names and contact information for the representatives who will serve on the work group by June 14, 2024.

Subd. 3. **Scope.** (a) In arriving at the work group's recommendation for legislation or alternatives for legislation the work group must consider:

(1) the effectiveness of the current process for certifying that an employee has direct contact with inmates or patients at least 75 percent of the employee's working time as required under Minnesota Statutes, section 352.91, and take into account that an employee's direct contact may fluctuate from year to year or pay period to pay period and may vary among facilities;

(2) whether correctional plan membership should depend on position descriptions that are not updated frequently enough or on position titles that may change from time to time and whether there are alternatives to conditioning membership on position descriptions or titles;

(3) whether the procedures under Minnesota Statutes, section 352.91, subdivisions 4a to 4c, should be reformed to ensure there is an effective procedure that will be followed for evaluating positions and employees entitled to membership;

(4) whether the service credit transfer provisions are effective or should be revised to apply whenever an employee transfers coverage from the Minnesota State Retirement System general state employees retirement plan to the correctional plan;

(5) the philosophy behind current law that identifies certain positions as being automatically eligible for plan membership and other positions as being eligible for plan membership only if the direct contact requirement is met and the factors considered in making determinations as to which positions will be automatically eligible; and

(6) any other topics relevant to the considerations listed above that will reduce the frequency with which the commission is requested to review plan membership issues.

Subd. 4. **Due date for submitting recommendation to the commission.** The commission executive director must submit the recommendation of the work group to the chair of the Legislative Commission on Pensions and Retirement by January 10, 2025.

Subd. 5. **Meetings.** (a) The executive director of the commission must convene the first meeting of the work group no later than August 1, 2024, and will serve as chair.

(b) Meetings may be conducted remotely or in person or a combination of remote and in person.

(c) In-person meetings must be held in the offices of the Legislative Coordinating Commission or in the Retirement Systems of Minnesota Building in St. Paul.

Subd. 6. **Compensation; lobbying; retaliation.** (a) Members of the work group serve without compensation.

(b) Participation in the work group is not lobbying under Minnesota Statutes, chapter 10A.

(c) An individual's employer or an association of which an individual is a member must not retaliate against the individual because of the individual's participation in the work group.

Subd. 7. **Administrative support.** Commission staff must provide administrative support for the work group.

Subd. 8. **Expiration.** The work group expires June 30, 2025.

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

ARTICLE 6
MINNESOTA SECURE CHOICE RETIREMENT PROGRAM

Section 1. Minnesota Statutes 2023 Supplement, section 187.03, is amended by adding a subdivision to read:

Subd. 7a. Home and community-based services employee. "Home and community-based services employee" means an individual employed by the individual's child or spouse to provide:

(1) consumer-directed community supports services under sections 256B.092 and 256B.49 and chapter 256S or under the alternative care program authorized under section 256B.0913; or

(2) services under the community first services and supports program authorized under section 256B.85 and Minnesota's federally approved waiver programs.

This definition applies only to this chapter and does not create any other legal rights or obligations under state or federal law.

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

Sec. 2. Minnesota Statutes 2023 Supplement, section 187.05, subdivision 7, is amended to read:

Subd. 7. Individuals not employed by a covered employer. (a) In addition to home and community-based services employees under paragraph (b), the board may allow individuals not employed by a covered employer to open and contribute to an account in the program, in which case the individual shall ~~shall~~ must be considered a covered employee for purposes of sections 187.05 to 187.11.

(b) The board must allow any home and community-based services employee to open and contribute to an account in the program within six months of the opening of the program and must consider a home and community-based services employee a covered employee for purposes of sections 187.05 to 187.11.

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

Sec. 3. Minnesota Statutes 2023 Supplement, section 187.08, subdivision 1, is amended to read:

Subdivision 1. **Membership.** The policy-making function of the program is vested in a board of directors consisting of seven members as follows:

(1) the executive director of the Minnesota State Retirement System or the executive director's designee;

(2) the executive director of the State Board of Investment or the executive director's designee;

(3) three members chosen by the Legislative Commission on Pensions and Retirement, one from each of the following experience categories:

(i) executive or operations manager with substantial experience in record keeping 401(k) plans;

(ii) executive or operations manager with substantial experience in individual retirement accounts; and

(iii) executive or other professional with substantial experience in retirement plan investments;

(4) a human resources or retirement benefits executive from a private company with substantial experience in administering the company's 401(k) plan, appointed by the governor; and

(5) a small business owner, a small business executive, or a nonprofit executive appointed by the governor.

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

Sec. 4. Minnesota Statutes 2023 Supplement, section 187.08, subdivision 7, is amended to read:

Subd. 7. **Executive director; staff.** (a) The board must appoint an executive director, determine the duties of the executive director, and set the compensation of the executive director. The board may appoint an interim executive director to serve as executive director during any period that the executive director position is vacant.

(b) The board may ~~also~~ hire staff as necessary to support the board and the executive director or interim executive director in performing ~~its~~ their duties or the board may authorize the executive director or interim executive director to hire staff.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2024.

Sec. 5. Minnesota Statutes 2023 Supplement, section 187.08, subdivision 8, is amended to read:

Subd. 8. **Duties.** In addition to the duties set forth elsewhere in this chapter, the board has the following duties:

(1) to establish secure processes for enrolling covered employees in the program and for transmitting employee ~~and employer~~ contributions to accounts in the trust;

(2) to prepare a budget and establish procedures for the payment of costs of administering and operating the program;

(3) to lease or otherwise procure equipment necessary to administer the program;

(4) to procure insurance in connection with the property of the program and the activities of the board, executive director, and other staff;

(5) to determine the following:

(i) any criteria for a covered employee other than employment with a covered employer under section 187.03, subdivision 5;

(ii) contribution rates and an escalation schedule under section 187.05, subdivision 4;

(iii) withdrawal and distribution options under section 187.05, subdivision 6; and

(iv) the default investment fund under section 187.06, subdivision 5;

(6) to keep annual administrative fees, costs, and expenses as low as possible:

(i) except that any administrative fee assessed against the accounts of covered employees may not exceed a reasonable amount relative to the fees charged by auto-IRA or defined contribution programs of similar size in the state of Minnesota or another state; and

(ii) the fee may be asset-based, flat fee, or a hybrid combination of asset-based and flat fee;

(7) to determine the eligibility of an employer, employee, or other individual to participate in the program and review and decide claims for benefits and make factual determinations;

(8) to prepare information regarding the program that is clear and concise for dissemination to all covered employees and includes the following:

(i) the benefits and risks associated with participating in the program;

(ii) procedures for enrolling in the program and opting out of the program, electing a different or zero percent employee contribution rate, making investment elections, applying for a distribution of employee accounts, and making a claim for benefits;

(iii) the federal and state income tax consequences of participating in the program, which may consist of or include the disclosure statement required to be distributed by retirement plan trustees or custodians under the Internal Revenue Code and the Treasury Regulations thereunder;

(iv) how to obtain additional information on the program; and

(v) disclaimers of covered employer and state responsibility, including the following statements:

(A) covered employees seeking financial, investment, or tax advice should contact their own advisors;

(B) neither a covered employer nor the state of Minnesota are liable for decisions covered employees make regarding their account in the program;

(C) neither a covered employer nor the state of Minnesota guarantees the accounts in the program or any particular investment rate of return; and

(D) neither a covered employer nor the state of Minnesota monitors or has an obligation to monitor any covered employee's eligibility under the Internal Revenue Code to make contributions to an account in the program, or whether the covered employee's contributions to an account in the program exceed the maximum permissible contribution under the Internal Revenue Code;

(9) to publish an annual financial report, prepared according to generally accepted accounting principles, on the operations of the program, which must include but not be limited to costs attributable to the use of outside consultants, independent contractors, and other persons who are not state employees and deliver the report to the chairs and ranking minority members of the legislative committees with jurisdiction over jobs and economic development and state government finance, the executive directors of the State Board of Investment and the Legislative Commission on Pensions and Retirement, and the Legislative Reference Library;

(10) to publish an annual report regarding plan outcomes, progress toward savings goals established by the board, statistics on the number of participants, participating employers, and covered employees who have opted out of participation, plan expenses, estimated impact of the program on social safety net programs, and penalties and violations, and disciplinary actions for enforcement, and deliver the report to the chairs and ranking minority members of the legislative committees with jurisdiction over jobs and economic development and state government finance, the executive directors of the State Board of Investment and the Legislative Commission on Pensions and Retirement, and the Legislative Reference Library;

(11) to file all reports required under the Internal Revenue Code or chapter 290;

(12) to, at the board's discretion, seek and accept gifts, grants, and donations to be used for the program, unless such gifts, grants, or donations would result in a conflict of interest relating to the solicitation of service provider for program administration, and deposit such gifts, grants, or donations in the Secure Choice administrative fund;

(13) to, at the board's discretion, seek and accept appropriations from the state or loans from the state or any agency of the state;

(14) to assess the feasibility of partnering with another state or a governmental subdivision of another state to administer the program through shared administrative resources and, if determined beneficial, enter into contracts, agreements, memoranda of understanding, or other arrangements with any other state or an agency or a subdivision of any other state to administer, operate, or manage any part of the program, which may include combining resources, investments, or administrative functions;

(15) to hire, retain, and terminate third-party service providers as the board deems necessary or desirable for the program, including but not limited to the trustees, consultants, investment managers or advisors, custodians, insurance companies, recordkeepers, administrators, consultants, actuaries, legal counsel, auditors, and other professionals, provided that each service provider is authorized to do business in the state;

(16) to interpret the program's governing documents and this chapter and make all other decisions necessary to administer the program;

(17) to conduct comprehensive employer and worker education and outreach regarding the program that reflect the cultures and languages of the state's diverse workforce population, which may, in the board's discretion, include collaboration with state and local government agencies, community-based and nonprofit organizations, foundations, vendors, and other entities deemed appropriate to develop and secure ongoing resources; and

(18) to prepare notices for delivery to covered employees regarding the escalation schedule and to each covered employee before the covered employee is subject to an automatic contribution increase.

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

Sec. 6. Laws 2023, chapter 46, section 11, is amended to read:

Sec. 11. **BOARD SUPPORT UNTIL APPOINTMENT OF EXECUTIVE DIRECTOR.**

With the assistance of the Legislative Coordinating Commission, the executive director of the Legislative Commission on Pensions and Retirement must:

~~(1)~~ provide notice to members of the board regarding the first meeting of the board and work with the member designated under section 10, subdivision 2, to determine the agenda and provide meeting support; and

~~(2)~~ ~~serve as the interim executive director to~~ assist the board until the board appoints an interim executive director or completes the search, recruitment, and interview process and appoints the executive director under Minnesota Statutes, section 187.08, subdivision 8.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2024.

ARTICLE 7
SUPPLEMENTAL PLANS

Section 1. Minnesota Statutes 2023 Supplement, section 356.24, subdivision 1, is amended to read:

Subdivision 1. **Restriction; exceptions.** It is unlawful for a school district or other governmental subdivision or state agency to levy taxes for or to contribute public funds to a supplemental pension or deferred compensation plan that is established, maintained, and operated in addition to a primary pension program for the benefit of the governmental subdivision employees other than:

- (1) to a supplemental pension plan that was established, maintained, and operated before May 6, 1971;
- (2) to a plan that provides solely for group health, hospital, disability, or death benefits;
- (3) to the individual retirement account plan established by chapter 354B;
- (4) to a plan that provides solely for severance pay under section 465.72 to a retiring or terminating employee;
- (5) to a deferred compensation plan defined in subdivision 3;
- (6) for personnel employed by the Board of Trustees of the Minnesota State Colleges and Universities and not covered by clause (5), to the supplemental retirement plan under chapter 354C, if the supplemental plan coverage is provided for in a personnel policy or in the collective bargaining agreement of the public employer with the exclusive representative of the covered employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,700 a year for each employee;
- (7) to a supplemental plan or to a governmental trust to save for postretirement health care expenses qualified for tax-preferred treatment under the Internal Revenue Code, if the supplemental plan coverage is provided for in a personnel policy or in the collective bargaining agreement of a public employer with the exclusive representative of the covered employees in an appropriate unit;
- (8) to the laborers national industrial pension fund or to a laborers local pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$10,000 per year per employee;
- (9) to the plumbers and pipefitters national pension fund or to a plumbers and pipefitters local pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$5,000 per year per employee;
- (10) to the international union of operating engineers pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$10,000 per year per employee;
- (11) to the International Association of Machinists national pension fund for the employees of a governmental subdivision who are covered by a collective bargaining agreement that provides for coverage by that fund and that sets forth a fund contribution rate, but not to exceed an employer contribution of \$5,000 per year per employee;

(12) for employees of United Hospital District, Blue Earth, to the state of Minnesota deferred compensation program, if the employee makes a contribution, in an amount that does not exceed the total percentage of covered salary under section 353.27, subdivisions 3 and 3a;

(13) to the alternative retirement plans established by the Hennepin County Medical Center under section 383B.914, subdivision 5; ~~or~~

(14) to the International Brotherhood of Teamsters Central States pension plan for fixed-route bus drivers employed by the St. Cloud Metropolitan Transit Commission who are members of the International Brotherhood of Teamsters Local 638 by virtue of that employment; or

(15) to a supplemental plan organized and operated under the Internal Revenue Code, as amended, that is wholly and solely funded by the employee's accumulated sick leave, accumulated vacation leave, and accumulated severance pay.

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

Sec. 2. Minnesota Statutes 2022, section 356.24, subdivision 3, is amended to read:

Subd. 3. **Deferred compensation plan.** (a) As used in this section:

(1) "deferred compensation plan" means a plan that satisfies the requirements of this subdivision;

(2) "plan administrator" means the individual or entity defined as the plan administrator in the plan document for the Minnesota deferred compensation plan under section 352.965 or a deferred compensation plan under section 457(b) of the Internal Revenue Code; and

(3) "vendor" means the provider of an annuity contract, custodial account, or retirement income account under a tax-sheltered annuity plan under section 403(b) of the Internal Revenue Code.

(b) The plan is:

(1) the Minnesota deferred compensation plan under section 352.965;

(2) a tax-sheltered annuity plan under section 403(b) of the Internal Revenue Code; or

(3) a deferred compensation plan under section 457(b) of the Internal Revenue Code.

(c) For each investment fund available to participants under the plan, other than in a self-directed brokerage account or fixed annuity contract, the plan administrator or vendor discloses at least annually to participants a statement that sets forth (1) all fees, including administrative, maintenance, and investment fees, that impact the rate of return on each investment fund available under the plan, and (2) the rates of return for the prior one-, ~~three~~-, five-, and ten-year periods or for the life of the fund, if shorter, in an easily understandable document. The plan administrator or vendor must file a copy of this statement annually with the executive director of the Legislative Commission on Pensions and Retirement ~~within 30 days of the end of each fiscal year of the plan.~~

(d) Enrollment in the plan is provided for in:

(1) a personnel policy of the public employer;

(2) a collective bargaining agreement between the public employer and the exclusive representative of public employees in an appropriate unit; or

(3) an individual employment contract (i) between a city and a city manager or other management employee, or (ii) between a school district and a superintendent or other management employee.

(e) The plan covers employees of a school district, state agency, or other governmental subdivision. The plan may cover city managers covered by an alternative retirement arrangement under section 353.028, subdivision 3, paragraph (a) or (b), but must not cover employees of the Board of Trustees of Minnesota State Colleges and Universities who are covered by the Higher Education Supplemental Retirement Plan under chapter 354C.

~~(f) Except as permitted under paragraph (g), public funds are contributed to the plan only in an amount that matches~~ If the public employer makes matching contributions to the plan, the matching contributions must match, on a dollar for dollar basis, employee elective deferral contributions on a dollar for dollar basis, but not to exceed the lesser of (1) the maximum authorized under the policy described in paragraph (d) that provides for enrollment in the plan or program, or (2) one-half of the annual limit on elective deferrals under section 402(g) of the Internal Revenue Code. In lieu of or in addition to matching an employee's elective deferral contributions, the public employer may make employer matching contributions on behalf of an employee on account of qualified student loan payments, as defined in the Secure 2.0 Act of 2022, Public Law 117-328 (December 29, 2022), Division T, section 110, paragraph (b), and any regulations adopted thereunder. The employer matching contributions on account of an employee's qualified student loan payments plus any employer matching contributions that match an employee's elective deferral contributions must not exceed, for the year, the lesser of (1) the maximum authorized under the policy described in paragraph (d) that provides for enrollment in the plan or program, (2) one-half of the annual limit on elective deferrals under section 402(g) of the Internal Revenue Code, or (3) the employee's compensation for the year.

(g) Contributions to the plan may include contributions deducted from an employee's sick leave, accumulated vacation leave, or accumulated severance pay, whether characterized as employee contributions or nonelective employer contributions, up to applicable limits under the Internal Revenue Code. Such contributions are not subject to the match requirement and limit in paragraph (f).

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

ARTICLE 8

APPLICABLE TO ALL PLANS:

AMORTIZATION; INTERNAL REVENUE CODE COMPLIANCE

Section 1. Minnesota Statutes 2023 Supplement, section 356.215, subdivision 11, is amended to read:

Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating the level normal cost, the actuarial valuation of the retirement plan must contain an exhibit for financial reporting purposes indicating the additional annual contribution sufficient to amortize the unfunded actuarial accrued liability and must contain an exhibit indicating the additional contribution sufficient to amortize the unfunded actuarial accrued liability. For the retirement plans listed in subdivision 8, paragraph (a), but excluding the legislators retirement plan, the Bloomington Fire Department Relief Association, and the local monthly benefit volunteer firefighter relief associations, the additional contribution must be calculated on a level percentage of covered payroll basis by the established date for full funding in effect when the valuation is prepared, assuming annual payroll growth at the applicable percentage rate set forth in the appendix described in subdivision 8, paragraph (c). For the legislators retirement plan, the additional annual contribution must be calculated on a level annual dollar amount basis.

~~(b) For any retirement plan other than a retirement plan governed by paragraph (d), (e), (f), (g), (h), (i), or (j), if there has not been a change in the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, which change or changes by itself or by themselves without inclusion of any other items of increase or decrease produce a net increase in the unfunded actuarial accrued liability of the fund, the established date for full funding is the first actuarial valuation date occurring after June 1, 2020.~~

~~(e)~~ (b) This paragraph applies only if the calculation under this paragraph for a retirement plan results in an established date for full funding that is earlier than the established date for full funding applicable to the retirement plan under paragraph (c). For any retirement plan, if there has been a change in any or all of the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, and the change or changes, by itself or by themselves and without inclusion of any other items of increase or decrease, produce a net increase in the unfunded actuarial accrued liability in the fund, the established date for full funding must be determined using the following procedure:

(i) the unfunded actuarial accrued liability of the fund must be determined in accordance with the plan provisions governing annuities and retirement benefits and the actuarial assumptions in effect before an applicable change;

(ii) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the unfunded actuarial accrued liability amount determined under item (i) by the established date for full funding in effect before the change must be calculated using the investment return assumption specified in subdivision 8 in effect before the change;

(iii) the unfunded actuarial accrued liability of the fund must be determined in accordance with any new plan provisions governing annuities and benefits payable from the fund and any new actuarial assumptions and the remaining plan provisions governing annuities and benefits payable from the fund and actuarial assumptions in effect before the change;

(iv) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the difference between the unfunded actuarial accrued liability amount calculated under item (i) and the unfunded actuarial accrued liability amount calculated under item (iii) over a period of 30 years from the end of the plan year in which the applicable change is effective must be calculated using the applicable investment return assumption specified in subdivision 8 in effect after any applicable change;

(v) the level annual dollar or level percentage amortization contribution under item (iv) must be added to the level annual dollar amortization contribution or level percentage calculated under item (ii);

(vi) the period in which the unfunded actuarial accrued liability amount determined in item (iii) is amortized by the total level annual dollar or level percentage amortization contribution computed under item (v) must be calculated using the investment return assumption specified in subdivision 8 in effect after any applicable change, rounded to the nearest integral number of years, but not to exceed 30 years from the end of the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and not to be less than the period of years beginning in the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and ending by the date for full funding in effect before the change; and

(vii) the period determined under item (vi) must be added to the date as of which the actuarial valuation was prepared and the date obtained is the new established date for full funding.

(c) The established date for full funding is the date provided for each of the following plans:

~~(d)~~ (i) for the general employees retirement plan of the Public Employees Retirement Association, the established date for full funding is June 30, 2048;

~~(e)~~ (ii) for the Teachers Retirement Association, the established date for full funding is June 30, 2048, ~~through June 30, 2025. Beginning July 1, 2025, the established date for full funding is June 30, 2053;~~

~~(f)~~ (iii) for the correctional state employees retirement plan and the State Patrol retirement plan of the Minnesota State Retirement System, the established date for full funding is June 30, 2048;

~~(g)~~ (iv) for the judges retirement plan, the established date for full funding is June 30, 2048;

~~(h)~~ (v) for the local government correctional service retirement plan and the public employees police and fire retirement plan, the established date for full funding is June 30, 2048;

~~(i)~~ (vi) for the St. Paul Teachers Retirement Fund Association, the established date for full funding is June 30, 2048; and

~~(j)~~ (vii) for the general state employees retirement plan of the Minnesota State Retirement System, the established date for full funding is June 30, 2048.

~~(k)~~ (d) For the retirement plans for which the annual actuarial valuation indicates an excess of valuation assets over the actuarial accrued liability, the valuation assets in excess of the actuarial accrued liability must be recognized as a reduction in the current contribution requirements by an amount equal to the amortization of the excess expressed as a level percentage of pay over a 30-year period beginning anew with each annual actuarial valuation of the plan.

EFFECTIVE DATE. This section is effective June 30, 2024.

Sec. 2. Minnesota Statutes 2022, section 356.611, subdivision 2, is amended to read:

Subd. 2. **Federal compensation limits.** (a) For members or participants of a covered ~~pension~~ retirement plan ~~enumerated in section 356.30, subdivision 3, and of the plan established under chapter 353D~~ listed in subdivision 6, compensation in excess of the limitation specified in section 401(a)(17) of the Internal Revenue Code, as ~~amended adjusted,~~ for changes in the cost of living under section 401(a)(17)(B) of the Internal Revenue Code, ~~may~~ must not be included for contribution and benefit computation purposes.

(b) Notwithstanding paragraph (a), for members or participants specified in paragraph (a) who first contributed to a plan specified in that paragraph before July 1, 1995, the annual compensation limit specified in section 401(a)(17) of the Internal Revenue Code on June 30, 1993, applies if that provides a greater allowable annual compensation.

(c) To the extent required by sections 3401(h) and 414(u)(12) of the ~~federal~~ Internal Revenue Code, an individual receiving a differential wage payment as defined in section 3401(h)(2) of the ~~federal~~ Internal Revenue Code from an employer shall be treated as employed by that employer, and the differential wage payment will be treated as compensation for purposes of applying the limits on annual additions under section 415(c) of the ~~federal~~ Internal Revenue Code.

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

Sec. 3. Minnesota Statutes 2022, section 356.611, is amended by adding a subdivision to read:

Subd. 6. **Covered retirement plan.** As used in this section, "covered retirement plan" means any of the following plans:

(1) the legislator's retirement plan, established by chapter 3A, including constitutional officers as specified in that chapter;

(2) the general state employees retirement plan of the Minnesota State Retirement System, established by chapter 352;

(3) the correctional state employees retirement plan of the Minnesota State Retirement System, established by chapter 352;

(4) the State Patrol retirement plan, established by chapter 352B;

(5) the unclassified state employees retirement plan, established by chapter 352D;

(6) the general employees retirement plan of the Public Employees Retirement Association, established by chapter 353;

(7) the public employees police and fire retirement plan of the Public Employees Retirement Association, established by chapter 353;

(8) the public employees defined contribution plan, established by chapter 353D;

(9) the local government correctional service retirement plan of the Public Employees Retirement Association, established by chapter 353E;

(10) the statewide volunteer firefighter retirement plan, established by chapter 353G;

(11) the Teachers Retirement Association, established by chapter 354;

(12) the St. Paul Teachers Retirement Fund Association, established by chapter 354A;

(13) the higher education individual retirement account plan, established by chapter 354B;

(14) the higher education supplemental retirement plan, established by chapter 354C;

(15) a retirement plan of a volunteer firefighter retirement association subject to chapter 424A;

(16) the judges retirement plan, established by chapter 490; or

(17) the Bloomington Fire Department Relief Association governed by Laws 2013, chapter 111, article 5, sections 31 to 42; Minnesota Statutes 2000, chapter 424; and Laws 1965, chapter 446, as amended.

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

Sec. 4. **[356.612] LIMITATION ON BENEFITS AND CONTRIBUTIONS.**

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

(b) "Annual addition" means the sum for the limitation year of all pretax and after-tax contributions made by the member or the member's employer and credited to an account in the name of the member in any defined contribution plan maintained by the employer.

(c) "Annuity starting date" means the first day of the first period for which an amount is payable as an annuity or, in the case of a benefit not payable in the form of an annuity, the first day on which all events have occurred which entitle the member to the benefit.

(d) "Compensation" means the compensation actually paid or made available to a member or participant for any limitation year, including all items of remuneration described in Code of Federal Regulations, title 26, section 1.415(c)-2(b), and excluding all items of remuneration described in Code of Federal Regulations, title 26, section 1.415(c)-2(c). Compensation for pension plan purposes for any limitation year shall not exceed the applicable federal compensation limit described in section 356.611, subdivision 2.

(e) "Limitation year" means the calendar year or fiscal year, whichever is applicable to the particular pension plan.

(f) "Maximum permissible benefit" means an annual benefit of \$160,000, automatically adjusted under section 415(d) of the Internal Revenue Code for each limitation year ending after December 31, 2001, payable in the form of a single life annuity. The new limitation shall apply to limitation years ending with or within the calendar year of the date of the adjustment, but a member's benefits shall not reflect the adjusted limit prior to January 1 of that calendar year. The maximum permissible benefit amount shall be further adjusted as follows:

(1) if the member has less than ten years of participation, the maximum permissible benefit shall be multiplied by a fraction, the numerator of which is the number of years, or part thereof, but not less than one year, of participation in the plan, and the denominator of which is ten;

(2) for a member who is not a qualified participant, if the annual benefit begins before the member has attained 62 years of age, the determination as to whether the maximum permissible benefit limit has been satisfied shall be made, in accordance with regulations prescribed by the United States secretary of the treasury, by reducing the limit so that the limit, as so reduced, equals an annual benefit, beginning when the annual benefit actually begins, which is equivalent to a \$160,000, as adjusted, annual benefit beginning at 62 years of age; and

(3) if the annual benefit begins after the member has attained 65 years of age, the determination as to whether the maximum permissible benefit limit has been satisfied shall be made, in accordance with regulations prescribed by the United States secretary of the treasury, by increasing the limit so that the limit, as so increased, equals an annual benefit, beginning when the annual benefit actually begins, which is equivalent to a \$160,000, as adjusted, annual benefit beginning at 65 years of age.

(g) "Qualified participant" means a member of a defined benefit plan listed in section 356.611, subdivision 6, with respect to whom the period of service taken into account in determining the amount of the benefit under such defined benefit plan includes at least 15 years of service of the member:

(1) as a full-time employee of any police department or fire department which is organized and operated by the state, Indian Tribal government, or any political subdivision maintaining such defined benefit plan to provide police protection, firefighting services, or medical services for any area within the jurisdiction of the state, Indian Tribal government, or political subdivision; or

(2) as a member of the Armed Forces of the United States.

Subd. 2. Annual benefit limitations; defined benefit plans. (a) For a defined benefit plan listed in section 356.611, subdivision 6, the annual benefit payable to a member shall not exceed the maximum permissible benefit. If the benefit the member would otherwise receive for a limitation year would result in the payment of an annual benefit in excess of the maximum permissible benefit, the benefit shall be reduced to the extent necessary so the benefit does not exceed the maximum permissible benefit.

(b) For purposes of applying the limitation in paragraph (a), an annual benefit that is payable in any form other than a single life annuity shall be adjusted to an actuarially equivalent single life annuity that equals, if the annuity starting date is in a plan year beginning after 2005, the annual amount of the single life annuity commencing at the same annuity starting date that has the same actuarial present value as the member's form of benefit, using whichever of the following produces the greatest annual amount:

(1) the interest rate and the mortality table or other tabular factor specified in the plan for adjusting benefits in the same form;

(2) a 5.5 percent interest rate assumption and the applicable mortality table; or

(3) the applicable interest rate under section 417(e)(3) of the Internal Revenue Code and the applicable mortality table, divided by 1.05.

(c) If a member participated in more than one pension plan in which the employer participates, the benefits under each plan must be reduced proportionately to satisfy the limitation in paragraph (a).

Subd. 3. Annual addition limitation; defined contribution plans. For any limitation year, the annual additions by or on behalf of a member to a defined contribution plan listed in section 356.611, subdivision 6, shall not exceed the lesser of:

(1) 100 percent of the member's compensation for the limitation year; or

(2) the dollar limit in effect for the limitation year under section 415(c)(1)(A) of the Internal Revenue Code, as adjusted by the United States secretary of the treasury under section 415(d)(1)(C) of the Internal Revenue Code.

Subd. 4. Incorporation by reference. Any requirements of section 415(b) and (c) of the Internal Revenue Code and related regulations and agency guidance not addressed by this section shall be considered incorporated by reference, including provisions applicable to a qualified participant and to survivor and disability benefits. This section shall be interpreted in a manner that is consistent with the requirements of sections 415(b) and (c) of the Internal Revenue Code and the related regulations.

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

Sec. 5. [356.614] LIMITATION ON USE OF FORFEITURES.

This section applies to any defined benefit plan listed in section 356.611, subdivision 6. Unless otherwise permitted by section 401(a)(8) of the Internal Revenue Code, forfeitures must not be applied to increase the benefits any participant would otherwise receive under the plan at any time prior to the termination of the plan or the complete discontinuance of employer contributions.

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

Sec. 6. Minnesota Statutes 2022, section 356.62, is amended to read:

356.62 PAYMENT OF EMPLOYEE CONTRIBUTION.

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

(b) "Employee" means any person covered by a public pension or retirement plan.

(c) "Employee contributions" means any sums deducted from the employee's salary or wages or otherwise paid in lieu thereof, regardless of whether they are denominated contributions by the public pension or retirement plan.

(d) "Public pension or retirement plan" means a covered retirement plan listed in section 356.611, subdivision 6, or any other public retirement plan to which section 414(h)(2) of the Internal Revenue Code applies.

Subd. 2. Pick up of employee contributions. (a) For purposes of any public pension or retirement plan, as defined in section 356.63, paragraph (b), each employer shall pick up the employee contributions required under law or under the pension plan document for all salaries. ~~If the United States Treasury Department rules that under section 414(h) of the Internal Revenue Code of 1986, as amended through December 31, 1992, that these picked up contributions are not includable in the employee's adjusted gross income until they are distributed or made available, then these picked up contributions must be treated as employer contributions in determining tax treatment under the Internal Revenue Code of 1986 and the employer shall discontinue withholding federal income taxes on the amount of these contributions. The employer shall pay these picked up contributions from the same source of funds as is used to pay the salary of the employee.~~ The employer shall pick up these employee contributions by a reduction in the cash salary of the employee.

(b) Employee contributions that are picked up must be treated for all purposes of the public pension or retirement plan in the same manner and to the same extent as employee contributions that were made before the date on which the employee contributions pick up began. The amount of the employee contributions that are picked up must be included in the salary upon which retirement coverage is credited and upon which retirement and survivor's benefits are determined. ~~For purposes of this section, "employee" means any person covered by a public pension plan. For purposes of this section, "employee contributions" include any sums deducted from the employee's salary or wages or otherwise paid in lieu thereof, regardless of whether they are denominated contributions by the public pension plan.~~

(c) The employing unit shall supply each employee and the commissioner of revenue with an information return indicating the amount of the employer's picked-up contributions for the calendar year that were not subject to withholding. This return must be provided to the employee not later than January 31 of the succeeding calendar year. The commissioner of revenue shall prescribe the form of the return and the provisions of section 289A.12 must apply to the extent not inconsistent with the provisions of this section.

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

Sec. 7. **[356.633] DIRECT ROLLOVERS.**

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

(b) "Distributee" means:

(1) a participant in a covered retirement plan listed in section 356.611, subdivision 6;

(2) the surviving spouse of a participant;

(3) the former spouse of the participant who is the alternate payee under a qualified domestic relations order as defined in section 414(p) of the Internal Revenue Code, or who is a recipient of a court-ordered equitable distribution of marital property, as provided in section 518.58; or

(4) a nonspousal beneficiary of a participant who qualifies for a distribution under the plan and is a designated beneficiary as defined in section 401(a)(9)(E) of the Internal Revenue Code.

(c) "Eligible retirement plan" means:

(1) an individual retirement account under section 408(a) or 408A of the Internal Revenue Code;

(2) an individual retirement annuity plan under section 408(b) of the Internal Revenue Code;

(3) an annuity plan under section 403(a) of the Internal Revenue Code;

(4) a qualified trust plan under section 401(a) of the Internal Revenue Code that accepts the distributee's eligible rollover distribution;

(5) an annuity contract under section 403(b) of the Internal Revenue Code;

(6) an eligible deferred compensation plan under section 457(b) of the Internal Revenue Code, which is maintained by a state or local government and which agrees to separately account for the amounts transferred into the plan;

(7) in the case of an eligible rollover distribution to a nonspousal beneficiary, an individual account or annuity treated as an inherited individual retirement account under section 402(c)(11) of the Internal Revenue Code; or

(8) a savings incentive match plan for employees of small employers (SIMPLE) individual retirement account under section 408(p) of the Internal Revenue Code, provided that the rollover distribution is made after the two-year period beginning on the date the distributee first participated in any qualified salary reduction arrangement maintained by the distributee's employer under section 408(p)(2) of the Internal Revenue Code, as described in section 72(t)(6) of the Internal Revenue Code.

(d) "Eligible rollover distribution" means any distribution of all or any portion of the balance to the credit of the distributee. An eligible rollover distribution does not include:

(1) a distribution that is one of a series of substantially equal periodic payments, receivable annually or more frequently, that is made for the life or life expectancy of the distributee, the joint lives or joint life expectancies of the distributee and the distributee's designated beneficiary, or for a specified period of ten years or more;

(2) a distribution that is required under section 401(a)(9) of the Internal Revenue Code; or

(3) any other exception required by law or the Internal Revenue Code.

Subd. 2. Right to elect direct rollover. Except as provided in subdivision 3 for after-tax contributions, a distributee may elect, at the time and in the manner prescribed by the plan administrator, to have all or any portion of an eligible rollover distribution paid directly to an eligible retirement plan as specified by the distributee.

Subd. 3. Distributions of after-tax contributions. For distributions of after-tax contributions which are not includable in gross income, the after-tax portion may be transferred only to an individual retirement account or annuity described in section 408(a) or (b) of the Internal Revenue Code, to a Roth individual retirement account

described in section 408A of the Internal Revenue Code, to a qualified plan described in either section 401(a) of the Internal Revenue Code, or to an annuity contract described in section 403(b) of the Internal Revenue Code, that agrees to separately account for the amounts transferred, including separately accounting for the portion of the distribution which is includable in gross income and the portion of the distribution which is not includable.

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

Sec. 8. Minnesota Statutes 2022, section 356.635, subdivision 1, is amended to read:

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

~~(a) the retirement benefit of a member or participant must begin to be distributed or, if a lump sum, be distributed no later than the member's or participant's required beginning date. "Required beginning date" means April 1 of the calendar year following the later of (1) the calendar year in which the member or the participant attains the age specified in section 401(a)(9)(C)(i)(I) of the Internal Revenue Code, or (2) the calendar year in which the member or participant terminates employment.~~

~~(b) A pension or defined contribution plan shall not be required to obtain the consent of a member or participant to a distribution if the distribution is required to satisfy the requirements of paragraph (a).~~

(b) "Beneficiary" means the person designated as the beneficiary under the terms of the applicable covered retirement plan.

(c) "Covered retirement plan" means a pension or retirement plan listed in section 356.611, subdivision 6.

(d) "Designated beneficiary" means an individual beneficiary within the meaning of section 401(a)(9)(E)(i) of the Internal Revenue Code.

(e) "Distribution calendar year" means a calendar year for which a minimum distribution is required. For distributions beginning before the participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the participant's required beginning date. For distributions beginning after the participant's death, the first distribution calendar year is the calendar year in which distributions are required to begin under subdivision 2a, paragraph (b). The required minimum distribution for the participant's first distribution calendar year shall be made on or before the participant's required beginning date.

(f) "Eligible designated beneficiary" means a designated beneficiary who meets the additional criteria under section 401(a)(9)(E)(ii) of the Internal Revenue Code.

(g) "Participant's account balance" means the account balance as of the last valuation date in the valuation calendar year increased by the amount of any contributions made and allocated to the account balance as of dates in the valuation calendar year after the valuation date and decreased by distributions made in the valuation calendar year after the valuation date. The account balance for the valuation calendar year includes any amounts rolled over or transferred to the plan either in the valuation calendar year or in the distribution calendar year if distributed or transferred in the valuation calendar year.

(h) "Required beginning date" means April 1 of the calendar year following the later of:

(1) the calendar year in which the member or the participant attains the age specified in section 401(a)(9)(C)(i)(I) of the Internal Revenue Code; or

(2) the calendar year in which the member or participant terminates employment.

(i) "Valuation calendar year" means the calendar year immediately preceding the distribution calendar year.

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

Sec. 9. Minnesota Statutes 2022, section 356.635, is amended by adding a subdivision to read:

Subd. 1a. **Required beginning date.** (a) Notwithstanding any state law to the contrary, the retirement benefit of a member or participant must begin to be distributed or, if a lump sum, be distributed no later than the member's or participant's required beginning date.

(b) A pension or retirement plan is not required to obtain the consent of a member or participant to a distribution if the distribution is required to satisfy the requirements of paragraph (a). If the plan is unable to obtain the consent of a member or participant to a distribution that is required to satisfy the requirements of paragraph (a), the plan must make the required distribution to the member or participant. If the plan is a defined benefit plan that permits the distribution to be in the form of an annuity, the required distribution must be:

(1) in the form of a single life annuity if the plan administrator's records do not indicate that the member is married; or

(2) in the form of a 50 percent joint and survivor annuity naming the member's spouse as survivor if the plan administrator's records indicate that the member is married.

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

Sec. 10. Minnesota Statutes 2022, section 356.635, subdivision 2, is amended to read:

Subd. 2. **Required minimum distributions.** Notwithstanding any state law to the contrary:

(1) distributions shall from a covered retirement plan must be determined and made as required under in accordance with a reasonable, good faith interpretation of the requirements of section 401(a)(9) of the Internal Revenue Code as applicable to governmental plans, as defined under section 414(d) of the Internal Revenue Code, and the treasury regulations adopted under that section 401(a)(9), including, but not limited to, the incidental death benefit provisions of section 401(a)(9)(G) of the Internal Revenue Code-; and

(2) the entire interest of a member of participant under a covered retirement plan must begin to be distributed or, if a lump sum, be distributed no later than the member's or participant's required beginning date.

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

Sec. 11. Minnesota Statutes 2022, section 356.635, is amended by adding a subdivision to read:

Subd. 2a. **Required distributions from defined contribution plans.** (a) This section applies to any covered retirement plan that is a defined contribution plan, including but not limited to the following:

(1) the unclassified state employees retirement plan, established by chapter 352D;

(2) the public employees defined contribution plan, established by chapter 353D;

(3) the defined contribution plan that is part of the statewide volunteer firefighter retirement plan, established by chapter 353G;

(4) the higher education individuals retirement account plan, established by chapter 354B;

(5) the higher education supplemental retirement plan, established by chapter 354C; and

(6) a defined contribution relief association, as defined under section 424A.001, subdivision 1c.

(b) If the participant dies before the required minimum distribution begins, the participant's account must be distributed in a lump sum no later than as follows:

(1) if the participant's account balance is payable to an eligible designated beneficiary, the distribution must be made by December 31 of the calendar year immediately following the calendar year in which the participant died. If the eligible designated beneficiary is the surviving spouse, the surviving spouse may elect to delay payment until December 31 of the calendar year in which the participant would have attained the participant's required beginning date. Effective for calendar years beginning after December 31, 2023, a surviving spouse who is the member's sole designated beneficiary may elect to be treated as if the surviving spouse were the member as provided under section 401(a)(9)(B)(iv) of the Internal Revenue Code;

(2) if the participant's account balance is payable to a beneficiary that is not a designated beneficiary, the participant's account must be distributed by December 31 of the calendar year containing the fifth anniversary of the participant's death; or

(3) if the participant's account balance is payable to a designated beneficiary who is not an eligible designated beneficiary, the participant's account must be distributed by December 31 of the calendar year containing the tenth anniversary of the participant's death.

(c) Upon the death of the participant after distribution of the participant's account balance begins, any remaining portion of the participant's account balance shall continue to be distributed at least as rapidly as under the method of distribution in effect at the time of the participant's death, provided that the portion of the participant's account balance payable to a designated beneficiary who is not an eligible designated beneficiary must be distributed in its entirety by December 31 of the calendar year containing the tenth anniversary of the participant's death.

(d) Upon the death of an eligible designated beneficiary, or the attainment of the age of majority of an eligible designated beneficiary who is a minor child of the participant, before distribution of the participant's entire account balance under paragraphs (b) or (c), the remainder of the participant's account balance shall be distributed by December 31 of the calendar year containing the tenth anniversary of the eligible designated beneficiary's death, or by December 31 of the calendar year in which the child attains the age of majority plus ten years, as applicable.

(e) Notwithstanding any other provisions of this subdivision, a participant or beneficiary, who would have been required to receive required minimum distributions in 2020 (or paid in 2021 for the 2020 calendar year for a participant with a required beginning date of April 1, 2021) but for the enactment of Section 401(a)(9)(I) of the Internal Revenue Code, and who would have satisfied that requirement by receiving a distribution that satisfies the required minimum distribution for 2020, will receive that distribution unless the participant or beneficiary chooses not to receive the distribution. Solely for purposes of applying the direct rollover provisions of section 356.633, such distributions will be treated as eligible rollover distributions in 2020.

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

Sec. 12. **[356.636] CORRECTION OF ERRORS.**

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

(b) "Pension fund" means the Minnesota State Retirement System, the Public Employees Retirement Association, the Teachers Retirement Association, and the St. Paul Teachers Retirement Fund Association.

(c) "Tax qualification" means compliance with all applicable requirements of section 401(a) or 457(b) of the Internal Revenue Code.

Subd. 2. **Correction of errors.** (a) The executive director of a pension fund may correct an operational, demographic, or employer or employee eligibility error, or an error in a plan document that is not a statute if the executive director determines that correction is necessary or appropriate to preserve and protect the tax qualification of any pension or retirement plan listed in section 356.611, subdivision 6, that is part of the pension fund. The method of correction must comply with the Internal Revenue Service Employee Plans Compliance Resolution System (EPCRS) or any successor thereto, if the EPCRS addresses the error and correction.

(b) To the extent deemed necessary by the executive director to implement correction, the executive director may:

(1) make distributions;

(2) transfer assets;

(3) recover an overpayment by reducing future benefit payments or designating appropriate revenue or source of funding that will restore to the plan the amount of the overpayment; or

(4) take any other action that will restore the plan and any affected member or participant to the position the plan, member, or participant would have been in had the error not occurred.

(c) An executive director may correct an error under paragraph (a) or (b) without regard to any statute that imposes a time limitation on making such correction.

Subd. 3. **Annual report.** The executive director of each pension fund must report annually, no later than each February 1, to the chair and executive director of the Legislative Commission on Pensions and Retirement on whether the executive director of the pension fund corrected any operational, demographic, employer or employee eligibility, or plan document error during the preceding calendar year. The report must describe the error, the pension or retirement plan affected by the error, the method of correction, and the cost, if any, to the pension or retirement plan, employee, or employer of the error and correction.

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

Sec. 13. **WORK GROUP ON AMORTIZATION.**

Subdivision 1. **Work group established.** The executive director of the Legislative Commission on Pensions and Retirement (commission executive director) must convene a work group for the purpose of recommending legislation amending Minnesota Statutes, section 356.215, subdivision 11, that will update the statute to conform to current actuarial best practices for amortizing liabilities.

Subd. 2. **Membership.** (a) The members of the work group are the following:

(1) the executive director of the Minnesota State Retirement System or the executive director's designee and a second member of the Minnesota State Retirement System staff designated by the executive director;

(2) the executive director of the Public Employees Retirement Association or the executive director's designee and a second member of the Public Employees Retirement Association staff designated by the executive director;

(3) the executive director of the Teachers Retirement Association or the executive director's designee and a second member of the Teachers Retirement Association staff designated by the executive director; and

(4) the executive director of the St. Paul Teachers Retirement Fund Association, designated by the executive director of the St. Paul Teachers Retirement Fund Association or the executive director's designee.

(b) The commission executive director may invite others, including the commission's actuary, to participate in one or more meetings of the work group.

(c) The organizations specified in paragraph (a) must provide the commission executive director with the names and contact information for the representatives who will serve on the work group by June 14, 2024.

Subd. 3. **Scope.** In arriving at the work group's recommendation for legislation or alternatives for legislation, the work group must consider:

(1) layered amortization;

(2) whether amortization policy should be regulated by statute, addressed in an appendix to the commission's standards for actuarial work, or documented elsewhere;

(3) whether all pension plans must employ the same approach to amortization;

(4) whether the proposed legislation will result in any cost to the pension funds and, if so, estimates of the cost; and

(5) whether changes to amortization will require the approval of the Legislative Commission on Pensions and Retirement.

Subd. 4. **Due date for submitting recommendation to the commission.** The commission executive director must submit the recommendation of the work group to the chair of the Legislative Commission on Pensions and Retirement by January 10, 2025.

Subd. 5. **Meetings.** (a) The commission executive director must convene the first meeting of the work group no later than August 1, 2024, and will serve as chair.

(b) Meetings may be conducted remotely or in person or a combination of remotely and in person.

(c) In-person meetings must be held in the offices of the Legislative Coordinating Commission or in the Retirement Systems of Minnesota Building in St. Paul.

Subd. 6. **Compensation; lobbying; retaliation.** (a) Members of the work group serve without compensation.

(b) Participation in the work group is not lobbying under Minnesota Statutes, chapter 10A.

(c) An individual's employer or an association of which an individual is a member must not retaliate against the individual because of the individual's participation in the work group.

Subd. 7. **Administrative support.** Commission staff must provide administrative support for the work group.

Subd. 8. **Expiration.** The work group expires June 30, 2025.

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

Sec. 14. **REVISOR INSTRUCTION.**

The revisor of statutes shall renumber each section of Minnesota Statutes listed in column A with the number listed in column B. The revisor shall also make necessary cross-reference changes consistent with the renumbering.

<u>Column A</u>	<u>Column B</u>
<u>356.631</u>	<u>356.648</u>
<u>356.99</u>	<u>356.637</u>

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

Sec. 15. **REVISOR INSTRUCTION.**

In Minnesota Statutes, the revisor of statutes shall delete the reference in column A and insert the reference in column B.

<u>Column A</u>	<u>Column B</u>
<u>356.635, subdivision 1</u>	<u>356.635, subdivision 1a</u>
<u>356.635, subdivision 3</u>	<u>356.633, subdivision 2</u>
<u>356.635, subdivision 4</u>	<u>356.633, subdivision 1, paragraph (c)</u>
<u>356.635, subdivision 5</u>	<u>356.633, subdivision 1, paragraph (c)</u>
<u>356.635, subdivision 6</u>	<u>356.633, subdivision 1, paragraph (b)</u>
<u>356.635, subdivision 7</u>	<u>356.633, subdivision 1, paragraph (a)</u>
<u>356.635, subdivision 8</u>	<u>356.614</u>
<u>356.635, subdivision 9a</u>	<u>356.612, subdivision 1</u>
<u>356.635, subdivision 10</u>	<u>356.612, subdivision 2</u>
<u>356.635, subdivision 11</u>	<u>356.612, subdivision 3</u>
<u>356.635, subdivision 12</u>	<u>356.612, subdivision 4</u>
<u>356.635, subdivision 13</u>	<u>356.636, subdivision 2</u>

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

Sec. 16. **REPEALER.**

Minnesota Statutes 2022, section 356.635, subdivisions 3, 4, 5, 6, 7, 8, 9a, 10, 11, 12, and 13, are repealed.

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

ARTICLE 9
STATE AID CLARIFICATION

Section 1. Minnesota Statutes 2022, section 353.65, subdivision 3b, is amended to read:

Subd. 3b. **Direct state aid.** (a) The state ~~shall~~ must pay \$4,500,000 on October 1, 2018, and October 1, 2019, to the public employees police and fire retirement plan. By October 1 of each year after 2019, the state ~~shall~~ must pay \$9,000,000 to the public employees police and fire retirement plan. The commissioner of management and budget ~~shall~~ must pay the aid specified in this subdivision. The amount required is annually appropriated from the general fund to the commissioner of management and budget.

(b) The aid under paragraph (a) continues until the earlier of:

(1) the first day of the fiscal year following ~~the three consecutive fiscal year years~~ in which, for each fiscal year, the actuarial value of assets of the fund equals or exceeds 100 percent of the actuarial accrued liabilities as reported by the actuary retained under section 356.214 in the annual actuarial valuation prepared under section 356.215; or

(2) July 1, 2048.

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

Sec. 2. Minnesota Statutes 2022, section 354.435, subdivision 4, is amended to read:

Subd. 4. **Aid expiration.** The aid amounts specified in this section ~~shall~~ must continue until the earlier of:

(1) the first day of the fiscal year following ~~the three consecutive fiscal year years~~ in which, for each fiscal year, the actuarial value of assets of the fund equals or exceeds 100 percent of the actuarial accrued liabilities as reported by the actuary retained under section 356.214 in the annual actuarial valuation prepared under section 356.215; or

(2) July 1, 2048.

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

Sec. 3. Minnesota Statutes 2022, section 354.436, subdivision 3, is amended to read:

Subd. 3. **Aid expiration.** The aid amounts specified in this section continue until the earlier of:

(1) the first day of the fiscal year following ~~the three consecutive fiscal year years~~ in which, for each fiscal year, the actuarial value of assets of the fund equals or exceeds 100 percent of the actuarial accrued liabilities as reported by the actuary retained under section 356.214 in the annual actuarial valuation prepared under section 356.215; or

(2) July 1, 2048.

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

Sec. 4. Minnesota Statutes 2022, section 354A.12, subdivision 3a, is amended to read:

Subd. 3a. **Direct state aid to ~~first class city teachers retirement fund associations~~ St. Paul Teachers Retirement Fund Association.** (a) The state ~~shall~~ must pay \$2,827,000 to the St. Paul Teachers Retirement Fund Association.

(b) In addition to other amounts specified in this subdivision, the state ~~shall~~ must pay \$7,000,000 as state aid to the St. Paul Teachers Retirement Fund Association.

(c) In addition to the amounts specified in paragraphs (a) and (b), the state ~~shall~~ must pay \$5,000,000 as state aid to the St. Paul Teachers Retirement Fund Association.

(d) The aid under this subdivision is payable October 1 annually. The commissioner of management and budget ~~shall~~ must pay the aid specified in this subdivision. The amount required is appropriated annually from the general fund to the commissioner of management and budget.

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

Sec. 5. Minnesota Statutes 2022, section 354A.12, subdivision 3c, is amended to read:

Subd. 3c. **Termination of supplemental contributions and direct matching and state aid.** ~~(a)~~ The supplemental contributions payable to the St. Paul Teachers Retirement Fund Association by Independent School District No. 625 under section 423A.02, subdivision 3, and the aid under subdivision 3a, paragraphs (a) ~~and (b)~~, to (c), continue until the earlier of:

(1) the first day of the fiscal year following ~~the year~~ three consecutive fiscal years in which, for each fiscal year, the actuarial value of assets of the fund equals or exceeds 100 percent of the actuarial accrued liability as reported by the actuary retained under section 356.214 in the ~~most recent~~ annual actuarial valuation prepared under section 356.215; or

(2) July 1, 2048.

~~(b) The aid under subdivision 3a, paragraph (c), continues until the earlier of:~~

~~(1) the first day of the fiscal year following the fiscal year in which the actuarial value of assets of the fund equals or exceeds 100 percent of the actuarial accrued liabilities as reported by the actuary retained under section 356.214 in the annual actuarial valuation prepared under section 356.215; or~~

~~(2) July 1, 2048.~~

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

Sec. 6. Minnesota Statutes 2022, section 423A.02, subdivision 5, is amended to read:

Subd. 5. **Termination of state aid programs.** The amortization state aid and additional amortization state aid programs continue until the earlier of:

(1) the December 31 following ~~the end of the~~ three consecutive fiscal ~~year~~ years in which, for each fiscal year, the actuarial value of assets of the St. Paul Teachers Retirement Fund Association or the Teachers Retirement Association equals or exceeds 100 percent of the actuarial accrued liabilities as reported by the actuary retained under section 356.214 in the annual actuarial valuation report prepared under section 356.215; or

(2) July 1, 2048.

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

Sec. 7. Minnesota Statutes 2022, section 423A.022, subdivision 5, is amended to read:

Subd. 5. **Aid termination.** (a) The aid under subdivision 2, paragraph (a), clauses (1) and (3), continues until the earlier of:

(1) the December 1 following ~~the end of the three consecutive~~ three consecutive fiscal year years in which, for each fiscal year, the actuarial value of assets of both the State Patrol retirement plan and the public employees police and fire retirement plan equals or exceeds 90 percent of the actuarial accrued liabilities as reported by the actuary retained under section 356.214 in the annual actuarial valuation prepared under section 356.215; or

(2) July 1, 2048.

(b) The aid under subdivision 2, paragraph (a), clause (2), does not terminate.

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

Sec. 8. Minnesota Statutes 2023 Supplement, section 477B.02, subdivision 3, is amended to read:

Subd. 3. **Benefits requirements.** (a) The fire department must ~~have a separate subsidiary incorporated firefighters'~~

(1) be associated with a volunteer firefighter relief association that provides retirement benefits or must;

(2) participate in the statewide volunteer firefighter plan; or if the municipality solely employs

(3) have retirement coverage under the public employees police and fire retirement plan for the department's full-time firefighters, as defined in section 299N.03, subdivision 5, retirement coverage must be provided by the public employees police and fire retirement plan or the fire department's part-time firefighters, or the fire department's full-time firefighters and part-time firefighters; or

(4) satisfy either clauses (1) and (3) or clauses (2) and (3).

(b) For purposes of retirement benefits, a fire department may be associated with only one volunteer firefighters' firefighter relief association or one account in the voluntary statewide volunteer firefighter retirement plan at one time.

(c) Notwithstanding paragraph (a), a municipality without a relief association as described under section 424A.08, paragraph (a), may still qualify to receive fire state aid if all other requirements of this section are met.

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

ARTICLE 10 CHANGES TO EXECUTIVE DIRECTOR QUALIFICATIONS AND COMPENSATION

Section 1. Minnesota Statutes 2022, section 353.03, subdivision 3a, is amended to read:

Subd. 3a. **Executive director.** (a) **Appointment.** The board ~~shall~~ must appoint an executive director on the basis of education, experience in the retirement field, ability to manage and lead system staff, and leadership ability to assist the board in setting a vision for the system. The executive director must have had at least five ~~years'~~ years of experience in either an executive-level executive-level management position, which has included responsibility for pensions, deferred compensation, or employee benefits or a position with responsibility for the governance,

management, or administration of a retirement plan. The executive director serves at the pleasure of the board. Notwithstanding any law to the contrary, the board must set the salary of the executive director. The board must set the salary of the executive director with reference to a salary range in the managerial plan in effect under section 43A.18, subdivision 3. The board must designate the salary range and the salary of the executive director, which must not exceed the limit for a position listed in section 15A.0815, subdivision 2 maximum for the salary range.

(b) **Duties.** The management of the association is vested in the executive director who shall be the executive and administrative head of the association. The executive director shall act as adviser to the board on all matters pertaining to the association and shall also act as the secretary of the board. The executive director shall:

- (1) attend all meetings of the board;
- (2) prepare and recommend to the board appropriate rules to carry out the provisions of this chapter;
- (3) establish and maintain an adequate system of records and accounts following recognized accounting principles and controls;
- (4) designate, with the approval of the board, up to two persons who may serve in the unclassified service and whose salaries are set in accordance with section 43A.18, subdivision 3, appoint a confidential secretary in the unclassified service, and appoint employees to carry out this chapter, who are subject to chapters 43A and 179A in the same manner as are executive branch employees;
- (5) organize the work of the association as the director deems necessary to fulfill the functions of the association, and define the duties of its employees and delegate to them any powers or duties, subject to the control of, and under such conditions as, the executive director may prescribe;
- (6) with the approval of the board, contract for the services of an approved actuary, professional management services, and any other consulting services as necessary to fulfill the purposes of this chapter. All contracts are subject to chapter 16C. The commissioner of administration shall not approve, and the association shall not enter into, any contract to provide lobbying services or legislative advocacy of any kind. Any approved actuary retained by the executive director shall function as the actuarial advisor of the board and the executive director. In addition to filing requirements under section 356.214, any supplemental actuarial valuations or experience studies shall be filed with the executive director of the Legislative Commission on Pensions and Retirement. Copies of professional management survey reports shall be transmitted to the secretary of the senate, the chief clerk of the house of representatives, and the Legislative Reference Library as provided by section 3.195, and to the executive director of the commission at the same time as reports are furnished to the board. Only management firms experienced in conducting management surveys of federal, state, or local public retirement systems shall be qualified to contract with the director hereunder;
- (7) with the approval of the board provide in-service training for the employees of the association;
- (8) make refunds of accumulated contributions to former members and to the designated beneficiary, surviving spouse, legal representative or next of kin of deceased members or deceased former members, as provided in this chapter;
- (9) determine the amount of the annuities and disability benefits of members covered by the association and authorize payment of the annuities and benefits beginning as of the dates on which the annuities and benefits begin to accrue, in accordance with the provisions of this chapter;
- (10) pay annuities, refunds, survivor benefits, salaries, and necessary operating expenses of the association;

(11) prepare and submit to the board and the legislature an annual financial report covering the operation of the association, as required by section 356.20;

(12) prepare and submit biennial and annual budgets to the board for its approval and submit the approved budgets to the Department of Management and Budget for approval by the commissioner;

(13) reduce all or part of the accrued interest payable under section 353.27, subdivisions 12, 12a, and 12b, or 353.28, subdivision 5, upon receipt of proof by the association of an unreasonable processing delay or other extenuating circumstances of the employing unit; and notwithstanding section 353.27, subdivision 7, may waive the payment of accrued interest to the member if a credit has been taken by the employer to correct an employee deduction taken in error and if the accrued interest is \$10 or less. The executive director shall prescribe and submit for approval by the board the conditions under which such interest may be reduced; and

(14) with the approval of the board, perform such other duties as may be required for the administration of the association and the other provisions of this chapter and for the transaction of its business.

Sec. 2. Minnesota Statutes 2023 Supplement, section 354.06, subdivision 2, is amended to read:

Subd. 2. **President; executive director.** The board must annually elect one of its members as president. It must elect an executive director. Notwithstanding any law to the contrary, the board must set the salary of the executive director. The board must set the salary of the executive director with reference to a salary range in the managerial plan in effect under section 43A.18, subdivision 3. The board must designate the salary range and the salary of the executive director, which must not exceed the limit for a position listed in section 15A.0815, subdivision 2 maximum for the salary range. The executive director ~~shall~~ **must** serve at the pleasure of the board and be the executive officer of the board, with the duties prescribed in subdivision 2a and any additional duties that the board may prescribe. The board must employ all other clerks and employees necessary to properly administer the association. The board must appoint an executive director on the basis of education, experience in the retirement field, ability to manage and lead system staff, and ability to assist the board in setting a vision for the system. The executive director must have had at least five years of experience in either an executive-level management position or in a position with responsibility for the governance, management, or administration of a retirement plan.

Sec. 3. **EFFECTIVE DATE.**

Sections 1 to 2 are effective the day following final enactment.

ARTICLE 11
ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION
TECHNICAL CHANGES

Section 1. Minnesota Statutes 2022, section 354A.011, subdivision 7, is amended to read:

Subd. 7. **Association.** "Association" or "teachers retirement fund association" means the ~~applicable teachers retirement fund association~~ St. Paul Teachers Retirement Fund Association established pursuant to this chapter.

Sec. 2. Minnesota Statutes 2022, section 354A.021, subdivision 2, is amended to read:

Subd. 2. **Organization; board duties.** (a) ~~Each~~ The teachers retirement fund association ~~shall~~ **must** be organized and governed pursuant to this chapter and chapter 317A, except that ~~each~~ the association ~~shall~~ **must** be deemed to be a nonprofit corporation without coming within the definition in section 317A.011, subdivision 6. Any corporate action of any teachers retirement fund association taken prior to April 9, 1976, ~~shall~~ **must** be deemed to be valid if it conformed with Minnesota Statutes 1976, chapter 317 or 354A, or Revised Laws 1905, chapter 58, as amended through April 9, 1976.

(b) In addition to the other powers and duties of ~~a the~~ board of trustees of ~~a first-class-city teacher~~ the teachers retirement fund association, the board ~~shall~~ must approve early retirement and optional annuity factors, subject to review by the actuary retained by the Legislative Commission on Pensions and Retirement; ~~shall~~ must establish the schedule for implementation of the approved factors; and ~~shall~~ must notify the Legislative Commission on Pensions and Retirement of the implementation schedule.

Sec. 3. Minnesota Statutes 2022, section 354A.021, subdivision 3, is amended to read:

Subd. 3. **Fund.** Within ~~each the~~ teachers retirement fund association there ~~shall~~ must be created a special retirement fund, which ~~shall~~ must include all of the assets of the teachers retirement fund association other than assets of a tax-sheltered annuity program and fund authorized pursuant to subdivision 5 which were acquired for the specific purpose of being credited to that fund. The special retirement fund ~~shall~~ must be credited with all employee and employer contributions, all interest and all other income authorized by law. Within the special retirement fund there may be established separate special retirement fund accounts for the purpose of providing convenience in the funding of and accounting for retirement annuities and any authorized ancillary benefits.

Sec. 4. Minnesota Statutes 2022, section 354A.021, subdivision 6, is amended to read:

Subd. 6. **Trustees' fiduciary obligation.** The trustees ~~or directors~~ of ~~each the~~ teachers retirement fund association ~~shall~~ must administer ~~each the~~ fund in accordance with the applicable portions of this chapter, of the articles of incorporation, of the bylaws, and of chapters 356 and 356A. The purpose of this subdivision is to establish ~~each the~~ teachers retirement fund association as a trust under the laws of the state of Minnesota for all purposes related to section 401(a) of the Internal Revenue Code of the United States, including all amendments.

Sec. 5. Minnesota Statutes 2022, section 354A.021, subdivision 7, is amended to read:

Subd. 7. **Actuarial consultant.** The board of trustees ~~or directors~~ of ~~each the~~ teachers retirement fund association may contract for the services of an approved actuary and fix the reasonable compensation for those services. Any approved actuary retained by the board ~~shall~~ must function as the actuarial advisor to the board and may perform actuarial valuations and experience studies to supplement those performed by the actuary retained under section 356.214. Any supplemental actuarial valuations or experience studies must be filed with the executive director of the Legislative Commission on Pensions and Retirement.

Sec. 6. Minnesota Statutes 2022, section 354A.021, subdivision 8, is amended to read:

Subd. 8. **Audit by state auditor.** The books and accounts of ~~each the~~ teachers retirement fund association must be examined and audited periodically as considered necessary by the state auditor. A full and detailed report of the examination and audit must be made and a copy provided to the teachers retirement fund association board of trustees. The cost of any examination and audit must be paid by the teachers retirement fund association in accordance with section 6.56. For purposes of section 6.56, ~~each the~~ teachers retirement fund association is considered a local governmental entity equivalent to a county, city, town, or school district.

Sec. 7. Minnesota Statutes 2022, section 354A.021, subdivision 9, is amended to read:

Subd. 9. **Updated articles of incorporation and bylaws; filing.** (a) On or before July 1, 2006, and within six months of the date of the approval of any amendment to the articles of incorporation or bylaws, the chief administrative officer of ~~each first-class-city teacher~~ the teachers retirement fund association ~~shall~~ must prepare and publish an updated compilation of the articles of incorporation and the bylaws of the association.

(b) The chief administrative officer of the ~~first-class-city teacher~~ teachers retirement fund association must certify the accuracy and the completeness of the compilation.

(c) The compilation of the articles of incorporation and bylaws of ~~a first class city teacher~~ the teachers retirement fund association must contain an index.

(d) The compilation must be made available to association members and other interested parties. The association may charge a fee for a copy that reflects the price of printing or otherwise producing the copy. ~~Two copies of~~ The compilation must be filed, without charge, by ~~each~~ the teachers retirement fund association with the ~~Legislation~~ Legislative Commission on Pensions and Retirement, the Legislative Reference Library, the state auditor, the commissioner of education, the chancellor of the Minnesota State Colleges and Universities system, and the superintendent of ~~the applicable school district~~ Independent School District No. 625, St. Paul. The compilation may be filed by email.

(e) ~~A first class city teacher~~ The teachers retirement fund association may contract with the revisor of statutes for the preparation of the compilation.

(f) If ~~a first class city teacher~~ the teachers retirement fund association makes an updated copy of its articles of incorporation and bylaws available on its website, the teachers retirement fund association is not obligated to file a hard copy of the documents under paragraph (d) for the applicable filing period.

Sec. 8. Minnesota Statutes 2022, section 354A.05, is amended to read:

354A.05 MEMBERSHIP IN A TEACHERS RETIREMENT ASSOCIATION IN ST. PAUL.

Teachers contributing to the ~~respective~~ teachers retirement fund association, as provided in this chapter and the articles of incorporation and the bylaws of the association, are entitled to the benefit of coverage by or entitlement to annuities or benefits from the association. All teachers ~~in a city of the first class in which there exists a teachers retirement fund association~~ of Independent School District No. 625, St. Paul, are members of ~~that~~ the teachers retirement fund association and participate in the benefits provided by the special retirement fund.

Sec. 9. Minnesota Statutes 2022, section 354A.091, is amended to read:

354A.091 TEACHERS ON EXTENDED LEAVE.

Subdivision 1. **Retirement contributions.** Notwithstanding any provision to the contrary of this chapter or the articles of incorporation or bylaws of ~~an~~ the association relating to the salary figure to be used for the determination of contributions or the accrual of service credit an elementary, secondary, or technical college teacher in ~~the public schools of a city of the first class~~ Independent School District No. 625, St. Paul, who is granted an extended leave of absence pursuant to section 122A.46, or a teacher who is granted an extended leave of absence under section 136F.43, may pay employee contributions to the ~~applicable~~ association and ~~shall~~ must be entitled to receive allowable service credit in ~~that~~ the association for each year of leave, provided the member and the employing board make the required employer contributions, in any proportion they may agree upon, to ~~that~~ the association during the period of leave which shall not exceed five years. The state ~~shall~~ must not make an employer contribution on behalf of the teacher. The employee and employer contributions ~~shall~~ must be based upon the rates of contribution prescribed by section 354A.12 as applied to a salary figure equal to the teacher's actual covered salary for the plan year immediately preceding the leave. Payment of the employee and employer contributions authorized pursuant to this section ~~shall~~ must be made on or before June 30 of the fiscal year for which service credit is to be received. No allowable service with respect to a year of extended leave of absence shall be credited to a teacher until payment of the required employee and employer contributions has been received by the association.

Subd. 2. **Membership retention.** A teacher on extended leave under either section 122A.46 or 136F.43 whose employee and employer contributions are made to the ~~applicable~~ teachers retirement fund association pursuant to subdivision 1 ~~shall~~ must retain membership in the association for each year during which the contributions are made, under the same terms and conditions as if the teacher had continued to teach in the district.

Subd. 3. **Effect of nonpayment.** A teacher on extended leave under either section 122A.46 or 136F.43 who does not make employee contributions or whose employer contribution is not made to the ~~applicable~~ teachers retirement fund association in any year ~~shall~~ must be deemed to have ceased to be an active member of the association and to have ceased to render teaching services beginning in that year for purposes of this chapter and the articles of incorporation and bylaws of the association, and may not pay employee or employer contributions into the fund in any subsequent year of the leave. Nonpayment of contributions into the fund ~~shall~~ must not affect the rights or obligations of the teacher or the employing school district under section 122A.46 or the Minnesota State Colleges and Universities system under section 136F.43.

Subd. 4. **Failure to resume service.** If a teacher who has made employee contributions to the ~~applicable~~ teachers retirement fund association for the agreed maximum duration of an extended leave does not resume teaching service in the first school year after that maximum duration has elapsed, the teacher ~~shall~~ must be deemed to have ceased to be an active member of the association and to have ceased to render teaching services beginning in that first school year after that maximum duration has elapsed for purposes of this chapter and the articles of incorporation and bylaws of the association.

Subd. 5. **Applicability.** The provisions of this section ~~shall~~ must not apply to a teacher who is discharged pursuant to section 122A.41 while the teacher is on an extended leave of absence pursuant to section 122A.46. The provisions of this section also do not apply to a teacher who is discharged for cause while the teacher is on an extended leave of absence under section 136F.43.

Subd. 6. **Exclusive coverage.** A teacher who makes employee contributions to and receives allowable service credit in the ~~applicable teacher's~~ teachers retirement fund association pursuant to this section may not make employee contributions or receive allowable service credit for the same period of time in any other Minnesota public employee pension plan, except a volunteer firefighters relief association governed by sections 424A.091 to 424A.096 or the statewide volunteer firefighter plan governed by chapter 353G. This subdivision ~~shall~~ must not be construed to prohibit a member who pays employee contributions and receives allowable service credit in the fund pursuant to this section in any year from being employed as a substitute teacher by any school district during that year. Notwithstanding the provisions of this chapter or the bylaws of a retirement association, a teacher may not pay retirement contributions or receive allowable service credit in the fund for teaching service rendered for any part of any year for which the teacher pays retirement contributions or receives allowable service credit pursuant to section 354.094 or this section while on an extended leave of absence under either section 122A.46 or 136F.43.

Sec. 10. Minnesota Statutes 2022, section 354A.094, is amended to read:

354A.094 QUALIFIED PART-TIME TEACHERS; PARTICIPATION IN FUND.

Subdivision 1. **Teachers, defined.** For purposes of this section, the term "teachers" ~~shall have~~ has the meaning given in section 122A.15, subdivision 1, except that the term ~~shall~~ must not include superintendents.

Subd. 2. **Part-time teaching position, defined.** For purposes of this section, the term "part-time teaching position" ~~shall mean~~ means a teaching position within ~~the district~~ Independent School District No. 625, St. Paul, in which the teacher is employed for at least 50 full days or a fractional equivalent of 50 full days calculated using the appropriate minimum number of hours which would result in a full day of service credit by the ~~appropriate~~ association and for which the teacher is compensated in an amount not to exceed 80 percent of the compensation rate established by the board for a full-time teacher with identical education and experience within the district.

Subd. 3. **Qualified part-time teacher program participation requirements.** (a) A teacher in ~~the public schools of a city of the first class~~ Independent School District No. 625, St. Paul, who is vested, or who has combined years of full-time teaching service in Minnesota public elementary schools, Minnesota secondary schools, and Minnesota State Colleges and Universities system at least equal to the number of years specified for vesting in the ~~applicable first class city teacher plan~~ association, may, by agreement with the board of the ~~employing~~ district, be assigned to teaching service within the district in a part-time teaching position. The agreement must be executed before October 1 of the year for which the teacher requests to make retirement contributions under subdivision 4. A copy of the executed agreement must be filed with the executive director of the teachers retirement fund association. If the copy of the executed agreement is filed with the association after October 1 of the year for which the teacher requests to make retirement contributions under subdivision 4, the ~~employing~~ school district ~~shall~~ must pay a fine of \$5 for each calendar day that elapsed since the October 1 due date. The association may not accept an executed agreement that is received by the association more than 15 months late. The association may not waive the fine required by this section.

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

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

(2) the fines specified in paragraph (a) apply if the employing unit does not file the executed agreement with the executive director of the ~~applicable~~ teachers retirement fund association by March 1.

Subd. 4. **Retirement contributions.** Notwithstanding any provision to the contrary in this chapter or the articles of incorporation or bylaws of ~~an~~ the association relating to the salary figure to be used for the determination of contributions or the accrual of service credit, a teacher assigned to a part-time position under this section ~~shall~~ must continue to make employee contributions to and to accrue allowable service credit in the ~~applicable~~ association during the period of part-time employment on the same basis and in the same amounts as would have been paid and accrued if the teacher had been employed on a full-time basis provided that, prior to June 30 each year the member and the employing board make that portion of the required employer contribution to the ~~applicable~~ association in any proportion which they may agree upon, that is based on the difference between the amount of compensation that would have been paid if the teacher had been employed on a full-time basis and the amount of compensation actually received by the teacher for services rendered in the part-time assignment. The employer contributions to the ~~applicable~~ association on behalf of the teacher ~~shall~~ must be based on the amount of compensation actually received by the teacher for the services rendered in the part-time assignment in the manner described in section 354A.12, subdivision 2a. The employee and employer contributions ~~shall~~ must be based upon the rates of contribution prescribed by section 354A.12. Full membership, accrual of allowable service credit and employee contributions for part-time teaching service by a teacher pursuant to this section and section 354.66 ~~shall~~ must not continue for a period longer than ten years.

Subd. 5. **Limits on outside coverage.** A teacher entitled to full membership, accrual of allowable service credit and employee contributions for part time teaching service pursuant to this section ~~shall~~ must not be entitled during the same period of time to be a member of, accrue allowable service credit in or make employee contributions to any other Minnesota public pension plan, except a volunteer firefighters relief association governed by sections 424A.091 to 424A.096 or the statewide volunteer firefighter plan governed by chapter 353G.

Subd. 6. **Insurance.** ~~A~~ The board of ~~an employing district~~ Independent School District No. 625, St. Paul, entering into an agreement authorized by this section ~~shall~~ must take all steps necessary to assure continuance of any insurance programs furnished or authorized a full-time teacher on an identical basis and with identical sharing of costs for a part time teacher pursuant to this section.

Subd. 7. **Qualification.** Only teachers who are in the bargaining unit as defined in section 179A.03, subdivision 7, during the year preceding the period of part time employment pursuant to this section shall qualify for full membership in, accrual of service credit from, and employee contributions to ~~a~~ the teachers retirement fund association for part time teaching service pursuant to subdivision 4. Notwithstanding the provisions of section 179A.03, subdivision 14, paragraph (a), clauses (5) and (6), teachers who are employed on a part time basis for purposes of this section and who would therefore be disqualified from the bargaining unit by one or both of those provisions, shall continue to be in the bargaining unit during the period of part time employment pursuant to this section for purposes of compensation, fringe benefits and the grievance procedure.

Subd. 8. **One district limit.** No teacher shall qualify for full membership in, accrual of service credit from and employee contributions to the Teachers Retirement Association or ~~a~~ the teachers retirement fund association for part time teaching service pursuant to subdivision 4 or section 354.66, subdivision 4, in more than one district at the same time. No teacher shall qualify for full membership in, accrual of service credit from and employee contributions to ~~a~~ the teachers retirement fund association during part time employment in ~~a district~~ Independent School District No. 625, St. Paul, pursuant to this section in any year if the teacher also takes a full time or part time teaching position in another Minnesota school district.

Subd. 10. **Nonqualified part-time positions.** Nothing in this section shall be construed to limit the authority of a school board to assign a teacher to a part time teaching position which does not qualify for employee contributions to ~~a~~ the teachers retirement fund association pursuant to this section.

Subd. 11. **Substitute teaching; no coverage overlap.** Neither subdivision 5 nor subdivision 8 shall be construed to prohibit a teacher who qualifies for full membership in, accrual of service credit from and employee contributions to ~~a~~ the teachers retirement fund association pursuant to this section in any year from being employed as a substitute teacher by any school district during that year. Notwithstanding the provisions of this chapter or the bylaws of ~~a retirement~~ the association, a teacher may not pay retirement contributions or receive allowable service credit in the ~~funds~~ association for other teaching service rendered for any part of any year for which the teacher qualifies for full membership in, accrual of service credit from and employee contributions to the Teachers Retirement Association or ~~a~~ the teachers retirement fund association pursuant to section 354.66 or this section.

Subd. 12. **Information supplied by district.** ~~Each school district covered by the provisions of this chapter shall~~ Independent School District No. 625, St. Paul, must furnish to the ~~appropriate~~ teachers retirement fund association whatever information and reports deemed necessary by the board of trustees of the ~~applicable~~ teachers retirement fund association to administer the provisions of this section.

Sec. 11. Minnesota Statutes 2022, section 354A.12, subdivision 5, is amended to read:

Subd. 5. **Reporting and remittance requirements.** (a) ~~Each~~ The employing unit ~~shall~~ must provide to the ~~appropriate~~ teachers retirement fund association the following member data regarding all new or returning employees before the employee's first payroll date in a format approved by the executive secretary or director. Data changes and the dates of those changes must be reported to the association on an ongoing basis for the payroll cycle in which they occur. Data on the member includes:

(1) legal name, address, date of birth, association member number, employer-assigned employee number, and Social Security number;

(2) association status, including, but not limited to, basic, coordinated, exempt annuitant, exempt technical college teacher, or exempt independent contractor or consultant;

(3) employment status, including, but not limited to, full time, part time, intermittent, substitute, or part-time mobility;

(4) employment position, including, but not limited to, teacher, superintendent, principal, administrator, or other;

(5) employment activity, including, but not limited to, hire, termination, resumption of employment, disability, or death;

(6) leaves of absence; and

(7) other information as may be required by the association.

(b) ~~Each~~ The employing unit ~~shall~~ must provide the following data to the ~~appropriate~~ association for each payroll cycle in a format approved by the executive secretary or director:

(1) an association member number;

(2) employer-assigned employee number;

(3) Social Security number;

(4) amount of each salary deduction;

(5) amount of salary as defined in section 354A.011, subdivision 24, from which each deduction was made;

(6) reason for payment;

(7) service credit;

(8) the beginning and ending dates of the payroll period covered and the date of actual payment;

(9) fiscal year of salary earnings;

(10) total remittance amount including employee, employer, and employer additional contributions; and

(11) other information as may be required by the association.

(c) On or before August 1 each year, ~~each the~~ employing unit must report to the ~~appropriate~~ association giving an itemized summary for the preceding 12 months of the total amount that was withheld from the salaries of teachers for deductions and all other information required by the association.

(d) ~~An~~ If the employing unit ~~that~~ does not comply with the reporting requirements under this section ~~shall, the~~ employing unit must pay a fine of \$5 per calendar day until the association receives the required member data.

(e) ~~An~~ The employing unit ~~shall~~ must remit all amounts that are due to the association and ~~shall~~ must furnish for each pay period an itemized statement indicating the total amount that is due and is transmitted with any other information required by the association. All amounts due and other employer obligations that are not remitted within 30 days of notification by the association must be certified by the director or secretary to the commissioner of management and budget, who ~~shall~~ must deduct the amount from any state aid or appropriation amount applicable to the employing unit and ~~shall~~ must transmit the deducted amount to the ~~applicable~~ association.

Sec. 12. Minnesota Statutes 2022, section 354A.31, subdivision 3a, is amended to read:

Subd. 3a. **No annuity reduction.** (a) The annuity reduction provisions of subdivision 3 do not apply to a person who:

(1) retires from the technical college system with at least ten years of service credit in the system from which the person retires;

(2) was employed on a full-time basis immediately preceding retirement as a technical college faculty member;

(3) was not a recipient of an early retirement incentive under section 136F.481;

(4) begins drawing an annuity from ~~a first-class city~~ the teachers retirement fund association; and

(5) returns to work on not less than a one-third time basis and not more than a two-thirds time basis in the technical college system under an agreement in which the person may not earn a salary of more than \$62,000 in a calendar year through the technical college system.

(b) Initial participation, the amount of time worked, and the duration of participation under this section must be mutually agreed upon by the employer and the employee. The employer may require up to a one-year notice of intent to participate in the program as a condition of participation under this section. The employer shall determine the time of year the employee shall work.

(c) Notwithstanding any law to the contrary, a person eligible under paragraphs (a) and (b) may not earn further service credit in ~~a first-class city~~ the teachers retirement fund association and is not eligible to participate in the individual retirement account plan or the supplemental retirement plan established in chapter 354B as a result of service under this section. No employer or employee contribution to any of these plans may be made on behalf of such a person.

Sec. 13. Minnesota Statutes 2022, section 354A.32, subdivision 1a, is amended to read:

Subd. 1a. **Bounce-back annuity.** (a) If a former coordinated member or disabilitant has selected a joint and survivor annuity option under subdivision 1 after June 30, 1989, the former member or disabilitant must receive a normal single life annuity if the designated optional annuity beneficiary dies before the former member or disabilitant. Under this option, no reduction may be made in the person's annuity to provide for restoration of the normal single life annuity in the event of the death of the designated optional annuity beneficiary.

(b) The annuity adjustment specified in paragraph (a) also applies to joint and survivor annuity options elected before July 1, 1989. The annuity adjustment under this paragraph occurs on July 1, 1989, or on the first day of the first month following the death of the designated optional annuity beneficiary, whichever is later. This paragraph may not be interpreted as authorizing retroactive payments.

(c) Unless otherwise specified in this subdivision, the restoration of the normal single life annuity under this subdivision takes effect on the first of the month following the date of death of the designated optional annuity beneficiary or on the first of the month following one year before the date on which a certified copy of the death record of the designated optional annuity beneficiary is received in the office of the ~~appropriate~~ teachers retirement fund association, whichever date is later.

Sec. 14. **REVISOR INSTRUCTION.**

In Minnesota Statutes, chapter 354A, the revisor of statutes must change the term "a teachers retirement fund association" to "the teachers retirement fund association" wherever the term appears. The revisor must make any necessary grammatical changes or changes to sentence structure necessary to preserve the meaning of the text as a result of the changes.

Sec. 15. **EFFECTIVE DATE.**

Sections 1 to 14 are effective the day following final enactment.

ARTICLE 12
MISCELLANEOUS CHANGES

Section 1. Minnesota Statutes 2022, section 353.27, subdivision 4, is amended to read:

Subd. 4. **Employer reporting requirements; contributions; member status.** (a) A representative authorized by the head of each department ~~shall~~ **must** deduct employee contributions from the salary of each public employee who qualifies for membership in the general employees retirement plan ~~of the Public Employees Retirement Association~~ or ~~in~~ the public employees police and fire retirement plan under this chapter ~~or, the public employees defined contribution plan under~~ chapter 353D, ~~or the local government correctional service retirement plan under~~ chapter 353E at the rate under section 353.27, 353.65, 353D.03, or 353E.03, whichever is applicable, that is in effect on the date the salary is paid. The employer representative must also remit payment in a manner prescribed by the executive director for the aggregate amount of the employee contributions and the required employer contributions to be received by the association within 14 calendar days after each pay date. If the payment is less than the amount required, the employer must pay the shortage amount to the association and collect reimbursement of any employee contribution shortage paid on behalf of a member through subsequent payroll withholdings from the wages of the employee. Payment of shortages in employee contributions and associated employer contributions, if applicable, must include interest at the rate specified in section 353.28, subdivision 5, if not received within 30 days following the date the amount was initially due under this section.

(b) The head of each department or the person's designee shall submit for each pay period to the association a salary deduction report in the format prescribed by the executive director. The report must be received by the association within 14 calendar days after each pay date or the employer may be assessed a fine of \$5 per calendar day until the association receives the required data. Data required as part of salary deduction reporting must include, but are not limited to:

(1) the legal names and Social Security numbers of employees who are members;

(2) the amount of each employee's salary deduction;

(3) the amount of salary defined in section 353.01, subdivision 10, earned in the pay period from which each deduction was made, including a breakdown of the portion of the salary that represents overtime pay that the employee was paid for additional hours worked beyond the regularly scheduled hours, pay for unused compensatory time, and the salary amount earned by a reemployed annuitant under section 353.37, subdivision 1, or 353.371, subdivision 1, or by a disabled member under section 353.33, subdivision 7 or 7a;

(4) the beginning and ending dates of the payroll period covered and the date of actual payment; and

(5) adjustments or corrections covering past pay periods as authorized by the executive director.

(c) Employers must furnish the data required for enrollment for each new or reinstated employee who qualifies for membership in the general employees retirement plan ~~of the Public Employees Retirement Association or in, the public employees police and fire retirement plan, the public employees defined contribution plan, or the local government correctional service retirement plan~~ in the format prescribed by the executive director. The required enrollment data on new members must be submitted to the association prior to or concurrent with the submission of the initial employee salary deduction. Also, the employer shall report to the association all member employment status changes, such as leaves of absence, terminations, and death, and shall report the effective dates of those changes, on an ongoing basis for the payroll cycle in which they occur. If an employer fails to comply with the reporting requirements under this paragraph, the executive director may assess a fine of \$25 for each failure if the association staff has notified the employer of the noncompliance and attempted to obtain the missing data or form from the employer for a period of more than three months.

(d) The employer shall furnish data, forms, and reports as may be required by the executive director for proper administration of the retirement system. Before implementing new or different computerized reporting requirements, the executive director shall give appropriate advance notice to governmental subdivisions to allow time for system modifications.

(e) Notwithstanding paragraph (a), the executive director may provide for less frequent reporting and payments for small employers.

(f) The executive director may establish reporting procedures and methods as required to review compliance by employers with the salary and contribution reporting requirements in this chapter. A review of the payroll records of a participating employer may be conducted by the association on a periodic basis or as a result of concerns known to exist within a governmental subdivision. An employer under review must extract requested data and provide records to the association after receiving reasonable advanced notice. Failure to provide requested information or materials will result in the employer being liable to the association for any expenses associated with a field audit, which may include staff salaries, administrative expenses, and travel expenses.

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

Sec. 2. Minnesota Statutes 2022, section 353.87, subdivision 1, is amended to read:

Subdivision 1. **Participation.** ~~Except as provided in subdivision 2,~~ A volunteer firefighter, as defined in section 353.01, subdivision 36, who, on June 30, 1989, was a member of, and a participant in, the general employees retirement fund or the public employees police and fire fund and was making contributions to either of those funds based, at least in part, on compensation for services performed as a volunteer firefighter shall continue as a member of, and a participant in, the general employees retirement fund or the public employees police and fire fund and compensation for services performed as a volunteer firefighter must be considered salary.

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

Sec. 3. Minnesota Statutes 2022, section 356.215, subdivision 2, is amended to read:

Subd. 2. **Requirements.** (a) It is the policy of the legislature that it is necessary and appropriate to determine annually the financial status of tax-supported retirement and pension plans for public employees. To achieve this goal, the actuary retained under section 356.214 shall prepare annual actuarial valuations, as of the beginning of each fiscal year, of the retirement plans enumerated in section 356.214, subdivision 1, paragraph (b), and quadrennial experience studies of the retirement plans enumerated in section 356.214, subdivision 1, paragraph (b), clauses (1), (2), and (6).

(b) The governing ~~or managing~~ board or ~~administrative officials~~ executive director of each public pension and retirement plan enumerated in section 356.20, subdivision 2, clauses (7), (9), and (10), shall have prepared by an approved actuary annual actuarial valuations of their respective funds as provided in this section. This requirement also applies to any plan that is the successor to any organization enumerated in section 356.20, subdivision 2, or to the governing ~~or managing~~ board or chief administrative officials officer of any newly formed retirement fund, plan, or association operating under the control or supervision of any public employee group, governmental unit, or institution receiving a portion of its support through legislative appropriations, and any local police or fire relief association to which section 356.216 applies.

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

Sec. 4. Minnesota Statutes 2022, section 356.215, subdivision 3, is amended to read:

Subd. 3. **Reports.** (a) The ~~actuarial valuations required annually must be made as of the beginning of each fiscal year.~~

~~(b) Two copies of the completed valuation governing board or executive director of each public pension plan required to prepare an annual valuation under subdivision 2 must be delivered~~ deliver the annual valuation to the executive director of the Legislative Commission on Pensions and Retirement, ~~to the commissioner of management and budget, and to the Legislative Reference Library.~~ The annual valuation may be delivered by email.

~~(c) Two copies of a~~ (b) The governing board or executive director of each public pension plan required to prepare a quadrennial experience study under subdivision 2 must deliver the quadrennial experience study ~~must be filed with~~ to the executive director of the Legislative Commission on Pensions and Retirement, ~~with the commissioner of management and budget, and with the Legislative Reference Library, not~~ no later than the last day of the 12th month occurring after the end of the last fiscal year of the four-year period ~~which covered by the experience study covers.~~ The quadrennial experience study may be delivered by email.

~~(d) For actuarial valuations and experience studies prepared at the direction of the Legislative Commission on Pensions and Retirement, one copy of the document must be delivered to the governing or managing board or administrative officials of the applicable public pension and retirement fund or plan.~~

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

Sec. 5. Minnesota Statutes 2022, section 356A.06, subdivision 5, is amended to read:

Subd. 5. **Investment business recipient disclosure.** The chief administrative officer of a covered pension plan, with respect to investments made by the plan, and the executive director of the State Board of Investment, with respect to investments of plan assets made by the board, shall annually disclose in writing the recipients of investment business placed with or investment commissions allocated among commercial banks, investment bankers, brokerage organizations, or other investment managers. The disclosure document must be prepared within 60 days after the close of the fiscal year of the plan and must be available for public inspection during regular office hours at the office of the plan. The disclosure document must also be filed with the executive director of the Legislative Commission on Pensions and Retirement within 90 days after the close of the fiscal year of the plan. For the State Board of Investment and ~~a first class city teacher retirement fund association~~ the St. Paul Teachers Retirement Fund Association, a disclosure document included as part of a regular annual report ~~of the board or of the first class city teacher retirement fund association~~ when filed with the executive director of the Legislative

Commission on Pensions and Retirement is considered to have been filed on a timely basis. An officer or member of the board of trustees of a covered pension plan governed by sections 424A.091 to 424A.096 or the Bloomington Fire Department Relief Association may file the disclosure document with the executive director of the Legislative Commission on Pensions and Retirement by email.

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

Sec. 6. **REPEALER.**

Minnesota Statutes 2022, sections 353.86; and 353.87, subdivisions 2, 3, and 4, are repealed effective August 1, 2024.

ARTICLE 13
ONETIME APPROPRIATIONS AND FUND TRANSFERS

Section 1. **TRANSFER TO THE IRAP TO TRA TRANSFER ACCOUNT; APPROPRIATION.**

(a) \$1,458,000 in fiscal year 2025 is transferred from the general fund to the IRAP to TRA transfer account established under Minnesota Statutes, section 354B.215, subdivision 11. This is a onetime transfer.

(b) Money in the IRAP to TRA transfer account is appropriated to the Board of Trustees of the Minnesota State Colleges and Universities to reduce the cost of service credit purchases by eligible persons who transfer coverage from the individual retirement account plan to the Teachers Retirement Association under Minnesota Statutes, section 354B.215. This is a onetime appropriation.

Sec. 2. **TRANSFERS; ONETIME DIRECT STATE AID.**

(a) \$28,462,200 in fiscal year 2025 is transferred from the general fund to the Teachers Retirement Association. This transfer must be made no later than October 1, 2024. This is a onetime transfer.

(b) \$1,537,800 in fiscal year 2025 is appropriated from the general fund to the commissioner of management and budget to pay, no later than October 1, 2024, onetime state aid to the St. Paul Teachers Retirement Fund Association. This is a onetime appropriation."

Delete the title and insert:

"A bill for an act relating to retirement; accelerating the effective date from July 1, 2025, to July 1, 2024, for the change in the normal retirement age for the teachers retirement association from 66 to 65; reducing the employee contribution rates for two years by 0.25 percent for St. Paul Teachers Retirement Fund Association; extending the suspension of earnings limitation for retired teachers who return to teaching; authorizing eligible employees of Minnesota State Colleges and Universities who are members of the higher education individual retirement account plan to elect coverage by the Teachers Retirement Association and purchase past service credit; implementing the recommendations of the State Auditor's volunteer firefighter working group; adding a defined contribution plan and making other changes to the statewide volunteer firefighter plan; modifying requirements for electing to participate in the public employees defined contribution plan; increasing the multiplier in the benefit formula for prospective service and increasing employee and employer contribution rates for the local government correctional service retirement plan; eliminating the workers' compensation offset for the Public Employees Retirement Association general and correctional plans; clarifying eligibility for firefighters in the public employees police and fire plan; making changes of an administrative nature for plans administered by the Minnesota State Retirement System; authorizing employees on a H-1B, H-1B1, or E3 visa to purchase service credit for a prior period of employment when excluded from the general state employees retirement plan; codifying the right to return to employment and

continue receiving an annuity from the State Patrol plan; adding additional positions to the list of positions eligible for the correctional state employees retirement plan coverage and permitting the purchase of past service credit; establishing a work group on correctional state employees plan eligibility; modifying the Minnesota Secure Choice retirement program by permitting participation by home and community-based services employees; modifying requirements for Minnesota Secure Choice retirement program board of directors; allowing employer matching contributions on an employee's qualified student loan payments under Secure 2.0 and modifying investment rates of return and fee disclosure requirements and other provisions for supplemental deferred compensation plans; resolving a conflict in the statute setting the plans' established date for full funding and establishing an amortization work group; restructuring statutes applicable to tax-qualified pension and retirement plans that impose requirements under the Internal Revenue Code; modifying the authority of pension fund executive directors to correct operational and other errors and requiring an annual report; changing the expiration date for state aids by requiring three years at 100 percent funded rather than one year before the state aid expires; making other administrative and conforming changes; appropriating money to the IRAP to TRA transfer account, the Teachers Retirement Association, and St. Paul Teachers Retirement Association; amending Minnesota Statutes 2022, sections 352.01, subdivision 13; 352.03, subdivision 5; 352.113, subdivision 1; 352.1155, subdivision 3; 352.12, subdivisions 1, 2, 2b, 7, 8; 352.95, subdivision 4; 353.028, subdivisions 1, 2, 3, 5; 353.03, subdivision 3a; 353.27, subdivision 4; 353.33, subdivisions 7, 7a; 353.64, subdivisions 1, 2, 4, 5a; 353.65, subdivision 3b; 353.87, subdivision 1; 353D.02, as amended; 353E.03; 353E.04, subdivision 3; 353E.06, subdivision 6; 353G.01, subdivisions 9, 9a, 11, by adding subdivisions; 353G.05, as amended; 353G.08, subdivision 2; 354.435, subdivision 4; 354.436, subdivision 3; 354A.011, subdivision 7; 354A.021, subdivisions 2, 3, 6, 7, 8, 9; 354A.05; 354A.091; 354A.094; 354A.12, subdivisions 3a, 3c, 5; 354A.31, subdivision 3a; 354A.32, subdivision 1a; 354B.20, subdivision 18, by adding subdivisions; 356.215, subdivisions 2, 3; 356.24, subdivision 3; 356.611, subdivision 2, by adding a subdivision; 356.62; 356.635, subdivisions 1, 2, by adding subdivisions; 356A.06, subdivision 5; 423A.02, subdivision 5; 423A.022, subdivision 5; 424A.001, subdivisions 4, 5, 8, 9, 10, by adding subdivisions; 424A.003; 424A.01, subdivisions 1, 2, 5; 424A.015, subdivisions 1, 5, 7; 424A.016, subdivisions 2, 6; 424A.02, subdivisions 1, 3, 7, 9; 424A.021; 424A.092, subdivision 6; 424A.093, subdivision 6; 424A.094, subdivision 1; 424A.095, subdivision 2; 424A.10; 424B.22, subdivisions 2, 10; Minnesota Statutes 2023 Supplement, sections 187.03, by adding a subdivision; 187.05, subdivision 7; 187.08, subdivisions 1, 7, 8; 352.91, subdivision 3f, as amended; 353.335, subdivision 1; 353D.01, subdivision 2; 353G.01, subdivisions 7b, 8b, 12, 12a, 14a, 15; 353G.02, subdivisions 1, 3, 4; 353G.03, subdivision 3; 353G.07; 353G.08, subdivision 1; 353G.09, subdivisions 1, 1a, 2; 353G.10; 353G.11, subdivision 2, by adding a subdivision; 353G.115; 353G.12, subdivision 2, by adding a subdivision; 353G.14; 354.05, subdivision 38; 354.06, subdivision 2; 354A.12, subdivision 1; 356.215, subdivision 11; 356.24, subdivision 1; 477B.02, subdivision 3; Laws 2021, chapter 22, article 2, section 3; Laws 2022, chapter 65, article 3, section 1, subdivisions 2, 3; Laws 2023, chapter 46, section 11; proposing coding for new law in Minnesota Statutes, chapters 352B; 353G; 354B; 356; repealing Minnesota Statutes 2022, sections 353.33, subdivision 5; 353.86; 353.87, subdivisions 2, 3, 4; 353D.071; 353G.01, subdivision 10; 356.635, subdivisions 3, 4, 5, 6, 7, 8, 9a, 10, 11, 12, 13; 424A.01, subdivision 5a; Minnesota Statutes 2023 Supplement, sections 353.335, subdivision 2; 353G.01, subdivisions 7a, 8a; 353G.02, subdivision 6; 353G.08, subdivision 3; 353G.11, subdivisions 1, 1a, 3, 4; 353G.112; 353G.121."

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

The report was adopted.

Pursuant to Joint Rule 2.03 and in accordance with Senate Concurrent Resolution No. 8, H. F. No. 5040 was re-referred to the Committee on Rules and Legislative Administration.

Xiong from the Committee on Workforce Development Finance and Policy to which was referred:

H. F. No. 5205, A bill for an act relating to economic development; making supplemental budget adjustments for the Department of Employment and Economic Development; appropriating money; amending Minnesota Statutes 2023 Supplement, section 116L.43, subdivision 1; Laws 2023, chapter 53, article 20, section 2, subdivisions 4, 6; article 21, section 6; repealing Minnesota Statutes 2022, section 116J.439.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
APPROPRIATIONS

Section 1. Laws 2023, chapter 53, article 20, section 2, subdivision 4, is amended to read:

Subd. 4. General Support Services	18,045,000	8,045,000
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Appropriations by Fund

	2024	2025
General Fund	17,950,000	7,950,000
Workforce Development	95,000	95,000

The base for the general support services division in fiscal year 2026 is \$5,950,000 for the general fund and \$95,000 for the workforce development fund.

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

(b) \$10,000,000 the first year is for the workforce digital transformation projects. This appropriation is onetime and is available until June 30, 2027.

Sec. 2. Laws 2023, chapter 53, article 20, section 2, subdivision 6, is amended to read:

Subd. 6. Vocational Rehabilitation	45,691,000	45,691,000 <u>40,636,000</u>
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Appropriations by Fund

	2024	2025
General	37,861,000	37,861,000 <u>32,806,000</u>
Workforce Development	7,830,000	7,830,000

(a) \$14,300,000 each year is for the state's vocational rehabilitation program under Minnesota Statutes, chapter 268A.

(b) \$11,495,000 each year from the general fund and \$6,830,000 each year from the workforce development fund are for extended employment services for persons with severe disabilities under Minnesota Statutes, section 268A.15. Of the amounts appropriated from the general fund, \$4,500,000 each year is for maintaining prior rate increases to providers of extended employment services for persons with severe disabilities under Minnesota Statutes, section 268A.15.

(c) \$5,055,000 ~~each year in the first year~~ is for grants to programs that provide employment support services to persons with mental illness under Minnesota Statutes, sections 268A.13 and 268A.14, and is available until June 30, 2025. The base for this appropriation is \$2,555,000 in fiscal year 2026 and each year thereafter.

(d) \$7,011,000 each year is for grants to centers for independent living under Minnesota Statutes, section 268A.11. This appropriation is available until June 30, 2027. The base for this appropriation is \$3,011,000 in fiscal year 2026 and each year thereafter.

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

Sec. 3. **APPROPRIATIONS; DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT.**

\$16,750,000 in fiscal year 2025 is appropriated from the workforce development fund to the commissioner of employment and economic development. This is a onetime appropriation and is in addition to the amounts appropriated in Laws 2023, chapter 53. Of this amount:

(1) \$550,000 is for a grant to Sabathani Community Center for specialized community outreach and engagement, a marketing and communication plan, program evaluation, personal empowerment training for men, empowerment and truancy curriculum for youth, wellness training for seniors, a workforce strategies mentorship and jobs training program, a 15-passenger van, and service kiosks for the Sabathani Community Center, including a onetime paid internship to support these programs;

(2) \$700,000 is for a grant to the Shakopee Chamber Foundation for the Shakopee area workforce development scholarship pilot program;

(3) \$2,000,000 is for a grant to PFund Foundation for: (i) workforce development and job skills training for LGBTQIA2S+ individuals; and (ii) medical, mental health, social, and other service providers who serve those individuals. Up to five percent of this amount may be used for the grantee's administrative costs;

(4) \$200,000 is for a grant to Bolder Options Youth Mentoring Program for disadvantaged youth ages 12 to 22 in the Bolder Options program in the Twin Cities and Rochester for providing mentorship, programming, and educational, job placement, and job training services;

(5) \$200,000 is for a grant to the Greater Minneapolis Council of Churches for a STEM training and career preparation program targeted at the needs of BIPOC youth who are at least 11 years of age and less than 24 years of age. This amount is available until June 30, 2027;

(6) \$255,000 is for a grant to the International Institute of Minnesota to expand their business career pathways for new Americans by paying the costs of adding a new employment counselor, a digital literacy instructor, and a professional leadership training instructor, and associated program costs including entrepreneurship training and work readiness training;

(7) \$350,000 is for a grant to the city of Austin to develop and implement training programs offered by Riverland Community College for water operators and for wastewater operators. This amount is available until June 30, 2027. Of this amount: \$100,000 is to develop training programs for water supply system operators and wastewater treatment facility operators; \$100,000 is for personnel to staff the programs within the Riverland Customized Training and Education division of Riverland Community College; \$65,000 is for marketing the programs; \$35,000 is for the costs of Riverland Community College for administering the programs; \$35,000 is for equipment for the programs; and \$15,000 is for the costs of the city of Austin for administering the programs;

(8) \$200,000 is for a grant to the Jobs Foundation for direct training, support services, safety enhancements, and economic support for formerly incarcerated individuals participating in the Repowered work readiness program;

(9) \$280,000 is for a grant to Hired to create services for low-income Minnesotans designed to increase job retention by offering a continuum of employment coaching, navigation, and support services to economically disadvantaged employees leading to a more stable workforce for employers;

(10) \$100,000 is for a grant to Equaspace for work space, IT support, human resources assistance, accounting, fundraising, and executive director support to be used to provide work space and wrap-around services to small and startup nonprofit organizations;

(11) \$1,000,000 is for a grant to Lakeview Methodist Health Care Center to expand child care program capacity;

(12) \$500,000 is for a grant to Change Starts With Community for the Change Starts With Community Violence Prevention Program;

(13) \$1,000,000 is for a grant to African Immigrants Community Services for workforce development for new Americans;

(14) \$1,000,000 is for a grant to WomenVenture for supporting child care providers by providing business training, mentorship, services, and educational materials, by facilitating shared administrative staff and pooled management of services such as banking and payroll, by providing child care management software and software training, and by distributing subgrants and loans, which may be forgivable at WomenVenture's discretion. This amount is available until June 30, 2027;

(15) \$1,000,000 is for a grant to the Black Chamber of Commerce for technical support to Black-owned small businesses, for implementing initiatives to address barriers facing the Black business community, and for networking, mentorship, and training programs. This amount is available until June 30, 2027;

(16) \$375,000 is to provide grants to secondary career and technical education programs for the purpose of offering instruction in meat cutting and butchery, including the costs of faculty training and of obtaining necessary equipment and facilities. The commissioner of employment and economic development may prioritize funding to applicants that are coordinating with Minnesota State Colleges and Universities institutions or with local industry partners and may enter into an interagency agreement with the Department of Agriculture for operation of the program, including agreements to transfer funds. By November 1, 2025, the commissioner of employment and economic development must report to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture finance, education finance, and workforce development finance regarding all grants issued under this clause by county and the number and amount of grant requests not fulfilled;

(17) \$75,000 is for a grant to InspireMSP to develop programming to assist middle-school-aged children in Minneapolis and St. Paul to develop an interest in and connect with the creative industry in Minnesota;

(18) \$150,000 is for a grant to Summit Academy OIC to start and enroll students in a dental assistant program and to work with employers to place students in the field upon successful completion of the program;

(19) \$250,000 is for a grant to the Karen Organization of Minnesota for job training and financial support and incentives for job training participants;

(20) \$100,000 is for a grant to Indigenous Roots for soft skills training and career readiness training for youth and dance instructors of the Cypher Side Dance School;

(21) \$100,000 is for a grant to Ramsey County for a subgrant with Milestone Community Development to provide competitive grants for culturally specific East African-led youth workforce development programs, which must be awarded through at least two requests for proposals, and this amount is available until June 30, 2026;

(22) \$100,000 is for a grant to Ramsey County for a subgrant with People in Action to provide workforce development programming. This amount is available until June 30, 2026, and 40 percent of the amount must be expended within the city of St. Paul. Grants provided by People in Action must be awarded through at least two requests for proposals;

(23) \$700,000 is for a grant to the Metro Youth Diversion Center to support its Youth-Care Assessment and Readiness Education program to enhance workforce development opportunities for youth with a focus on underrepresented East African students;

(24) \$174,000 is for a grant to Independent School District No. 709, Duluth, for a software subscription to facilitate the career planning of students;

(25) \$171,000 is for a grant to Independent School District No. 704, Proctor, to develop a regional career and technical education program to serve Independent School District No. 704, Proctor, Independent School District No. 700, Hermantown, and Independent School District No. 99, Esko;

(26) \$100,000 is for a grant to Lake County Ambulance Service to establish a training program for Cook County and Lake County high school students interested in pursuing careers as emergency medical technicians;

(27) \$2,000,000 is for a grant to the city of Brooklyn Park for the Brooklyn Park Small Business Center and for the city to expand the workforce development programming of Brooklyn Park and Brooklyn Center through workforce development programs serving primarily underrepresented populations, including such programs as Brooklynk, Career Pathways, Youth Entrepreneurship, and Community Partnership. This appropriation is available until June 30, 2027;

(28) \$750,000 is for a grant to Riverside Plaza Tenant Association to address employment, economic, and technology access disparities for low-income unemployed or underemployed individuals through training in health care, technology, and construction or skilled trades industries;

(29) \$150,000 is for a grant to African Career, Education, and Resources, Inc., to develop a program for health care skills training and computer skills training in collaboration with the Organization of Liberians in Minnesota;

(30) \$150,000 is for a grant to the Organization of Liberians in Minnesota to develop a program for health care skills training and computer skills training in collaboration with the African Career, Education, and Resources, Inc.;

(31) \$180,000 is for a grant to Equitable Development Action for it to fund programs and provide technical assistance to underserved businesses;

(32) \$50,000 is for a grant to Ka Joog to operate a workforce technology training center to provide job readiness, skills training, entrepreneurship training, digital literacy, and ongoing career learning;

(33) \$50,000 is for a grant to HIRPHA International for use on youth apprenticeships, entrepreneurship training, computer skills, and work readiness training;

(34) \$300,000 is for a grant to Theater Mu for planning and to design, redesign, renovate, construct, furnish, and equip a building located in the city of St. Paul that will house a workforce development program for working and aspiring BIPOC artists, administrative offices, and a public gathering space for theater art;

(35) \$100,000 is for a grant to Higher Works Collaborative to act as the fiscal agent for the Center for African Immigrants and Refugees Organization to provide workforce training by enhancing their youth programs that help students gain work experience, earn experience in high-demand fields, and transition into family-sustaining careers;

(36) \$450,000 is for a grant to YWCA St. Paul for a strategic intervention program designed to target and connect program participants to meaningful, sustainable living wage employment;

(37) \$50,000 is for a grant to United Senior Lao American Association to provide job and skills training for an underserved population;

(38) \$100,000 is for a grant to Hmong American Farmers Association for workforce readiness, employment exploration, and skills development;

(39) \$240,000 is for a grant to MN Zej Zog for workforce readiness, employment exploration, and skills development;

(40) \$250,000 is for the Minnesota Family Resiliency Partnership under Minnesota Statutes, section 116L.96;

(41) \$150,000 is for a grant to Ramsey County for a Justice Impact Navigator to support Ramsey County residents who have a justice impact or who are reentering the community after incarceration to connect to resources with a focus on employment and training supports. Funds will be used for a navigator pilot and other administrative expenses such as outreach, marketing, and resources for residents; and

(42) \$150,000 is for a grant to Ramsey County for a Digital Equity Specialist to support Ramsey County residents with digital literacy resources and skills to connect to employment and training supports. Funds must be used for a digital navigator pilot serving in Ramsey County Career Labs and community-based locations and other administrative expenses, such as outreach, marketing, and resources for residents.

Sec. 4. **APPROPRIATION; UNIVERSITY OF MINNESOTA; THE CENTER FOR NURSING EQUITY AND EXCELLENCE.**

\$250,000 in fiscal year 2025 is appropriated from the workforce development fund to the Board of Regents of the University of Minnesota to perform the duties required to establish and carry out the duties of the Center for Nursing Equity and Excellence. This is a onetime appropriation.

Sec. 5. **APPROPRIATIONS.**

\$5,055,000 in fiscal year 2025 is appropriated from the general fund to the commissioner of employment and economic development for grants to programs that provide employment support services to persons with mental illness under Minnesota Statutes, sections 268A.13 and 268A.14. This is a onetime appropriation and available until June 30, 2027.

ARTICLE 2
WORKFORCE POLICY

Section 1. Minnesota Statutes 2022, section 116J.8748, subdivision 1, is amended to read:

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

(b) "Agreement" or "business subsidy agreement" means a business subsidy agreement under section 116J.994 that must include, but is not limited to: specification of the duration of the agreement, job goals and a timeline for achieving those goals over the duration of the agreement, construction and other investment goals and a timeline for achieving those goals over the duration of the agreement, and the value of benefits the firm may receive following achievement of capital investment and employment goals. The local government and business must report to the commissioner on the business performance using the forms developed by the commissioner.

(c) "Business" means an individual, corporation, partnership, limited liability company, association, or other entity.

(d) "Capital investment" means money that is expended for the purpose of building or improving real fixed property where employees under paragraphs (g) and (h) are or will be employed and also includes construction materials, services, and supplies, and the purchase and installation of equipment and machinery as provided under subdivision 4, paragraph (b), clause (5).

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

(f) "Minnesota job creation fund business" means a business that is designated by the commissioner under subdivision 3.

(g) "Minority person" means a person belonging to a racial or ethnic minority as defined in Code of Federal Regulations, title 49, section 23.5.

(h) "New full-time equivalent employee" means an employee who:

(1) begins work at a Minnesota job creation fund business facility noted in a business subsidy agreement and following the designation as a job creation fund business; and

(2) has expected work hours of at least 2,080 hours annually or the equivalent of annualized expected hours of work equal to 2,080 hours of one or more employees.

(i) "Persons with disabilities" means an individual with a disability, as defined under the Americans with Disabilities Act, United States Code, title 42, section 12102.

(j) "Retained job equivalent" means a full-time equivalent position:

(1) that existed at the facility prior to the designation as a job creation fund business; and

(2) has expected work hours of at least 2,080 hours annually or the equivalent of annualized expected hours of work equal to 2,080 hours of one or more employees.

(k) "Veteran" means a veteran as defined in section 197.447.

(l) "Wages" has the meaning given in section 290.92, subdivision 1, clause (1).

Sec. 2. Minnesota Statutes 2023 Supplement, section 116J.8748, subdivision 3, is amended to read:

Subd. 3. **Minnesota job creation fund business designation; requirements.** (a) To receive designation as a Minnesota job creation fund business, a business must satisfy all of the following conditions:

(1) the business is or will be engaged in, within Minnesota, one of the following as its primary business activity:

(i) manufacturing;

(ii) warehousing;

(iii) distribution;

(iv) information technology;

(v) finance;

(vi) insurance; or

(vii) professional or technical services;

(2) the business must not be primarily engaged in lobbying; gambling; entertainment; professional sports; political consulting; leisure; hospitality; or professional services provided by attorneys, accountants, business consultants, physicians, or health care consultants, or primarily engaged in making retail sales to purchasers who are physically present at the business's location;

(3) the business must enter into a binding construction and job creation business subsidy agreement with the commissioner to expend directly, or ensure expenditure by or in partnership with a third party constructing or managing the project, at least \$500,000 in capital investment in a capital investment project that includes a new, expanded, or remodeled facility within one year following designation as a Minnesota job creation fund business or \$250,000 if the project is located outside the metropolitan area as defined in section 200.02, subdivision 24, or if 51 percent of the business is cumulatively owned by minorities, veterans, women, or persons with a disability; and:

(i) create at least ten new full-time equivalent employee positions within two years of the benefit date following the designation as a Minnesota job creation fund business or five new full-time equivalent employee positions within two years of the benefit date if the project is located outside the metropolitan area as defined in section 200.02, subdivision 24, or if 51 percent of the business is cumulatively owned by minorities, veterans, women, or persons with a disability; or

(ii) expend at least \$25,000,000, which may include the installation and purchase of machinery and equipment, in capital investment and retain at least 100 full-time equivalent employees for projects located in the metropolitan area as defined in section 200.02, subdivision 24, or expend at least \$10,000,000, which may include the installation and purchase of machinery and equipment, in capital investment and retain at least 50 full-time equivalent employees for projects located outside the metropolitan area;

(4) positions or employees moved or relocated from another Minnesota location of the Minnesota job creation fund business must not be included in any calculation or determination of job creation or new positions under this paragraph; and

(5) a Minnesota job creation fund business must not terminate, lay off, or reduce the working hours of an employee for the purpose of hiring an individual to satisfy job creation goals under this subdivision.

(b) Prior to approving the proposed designation of a business under this subdivision, the commissioner shall consider the following:

(1) the economic outlook of the industry in which the business engages;

(2) the projected sales of the business that will be generated from outside the state of Minnesota;

(3) how the business will build on existing regional, national, and international strengths to diversify the state's economy;

(4) whether the business activity would occur without financial assistance;

(5) whether the business is unable to expand at an existing Minnesota operation due to facility or land limitations;

(6) whether the business has viable location options outside Minnesota;

(7) the effect of financial assistance on industry competitors in Minnesota;

(8) financial contributions to the project made by local governments; and

(9) any other criteria the commissioner deems necessary.

(c) Upon receiving notification of local approval under subdivision 2, the commissioner shall review the determination by the local government and consider the conditions listed in paragraphs (a) and (b) to determine whether it is in the best interests of the state and local area to designate a business as a Minnesota job creation fund business.

(d) If the commissioner designates a business as a Minnesota job creation fund business, the business subsidy agreement shall include the performance outcome commitments and the expected financial value of any Minnesota job creation fund benefits.

(e) The commissioner may amend an agreement once, upon request of a local government on behalf of a business, only if the performance is expected to exceed thresholds stated in the original agreement.

(f) A business may apply to be designated as a Minnesota job creation fund business at the same location more than once only if all goals under a previous Minnesota job creation fund agreement have been met and the agreement is completed.

Sec. 3. Minnesota Statutes 2023 Supplement, section 116J.8748, subdivision 4, is amended to read:

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

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

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

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

(3) up to \$1,000,000 in capital investment rebates and \$1,000,000 in job creation awards are allowable for projects that have at least \$25,000,000 in capital investment and 100 new full-time equivalent employees in the metropolitan area as defined in section 200.02, subdivision 24, or at least \$10,000,000 in capital investment and 50 new full-time equivalent employees for projects located outside the metropolitan area;

(4) up to \$1,000,000 in capital investment rebates and up to \$1,000,000 in job creation awards are allowable for projects that have at least \$25,000,000 in capital investment, which may include the installation and purchase of machinery and equipment, and 100 retained full-time equivalent employees for projects located in the metropolitan area as defined in section 200.02, subdivision 24, or at least \$10,000,000 in capital investment, which may include the installation and purchase of machinery and equipment, and 50 retained full-time equivalent employees for projects located outside the metropolitan area; and

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

(c) The job creation award may be provided in multiple years as long as the qualified Minnesota job creation fund business continues to meet the job creation goals provided for in its agreement under subdivision 3 and the total award does not exceed \$500,000 except as provided under paragraph (b), clauses (3) and (4). Under paragraph (b), clause (4), a job creation award of \$2,000 per full-time equivalent job retained ~~job~~ may be provided one time if the qualified Minnesota job creation fund business meets the minimum capital investment and retained employee requirement as provided in paragraph (b), clause (4), for at least two years.

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

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

(f) Minnesota job creation fund businesses must pay each new full-time equivalent employee added pursuant to the agreement total compensation, including benefits not mandated by law, that on an annualized basis is equal to at least 110 percent of the federal poverty level for a family of four.

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

Sec. 4. Minnesota Statutes 2023 Supplement, section 116J.8748, subdivision 6, is amended to read:

Subd. 6. **Job creation award.** (a) A qualified Minnesota job creation fund business is eligible for an annual award for each new full-time equivalent job created and maintained under subdivision 4, paragraph (b), clauses (2) and (3), by the business using the following schedule: \$1,000 for each job position paying annual wages at least \$26,000 but less than \$35,000; \$2,000 for each job position paying at least \$35,000 but less than \$45,000; \$3,000 for each job position paying at least \$45,000 but less than \$55,000; and \$4,000 for each job position paying at least \$55,000; and as noted in the goals under the agreement provided under subdivision 1. These awards are increased by \$1,000 if the business is located outside the metropolitan area as defined in section 200.02, subdivision 24, or if 51 percent of the business is cumulatively owned by minorities, veterans, women, or persons with a disability.

(b) A qualified Minnesota job creation fund business is eligible for a onetime \$2,000 award for each full-time equivalent job retained and maintained under subdivision 4, paragraph (b), clause (4), provided that each retained job pays total compensation, including benefits not mandated by law, that on an annualized basis is equal to at least 150 percent of the federal poverty level for a family of four.

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

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

Sec. 5. Minnesota Statutes 2023 Supplement, section 116L.17, subdivision 1, is amended to read:

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

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

(c) "Dislocated worker" means an individual who is a resident of Minnesota at the time employment ceased or was working in the state at the time employment ceased and:

(1) has been permanently separated or has received a notice of permanent separation from public or private sector employment and is eligible for or has exhausted entitlement to unemployment benefits, and is unlikely to return to the previous industry or occupation;

(2) has been long-term unemployed and has limited opportunities for employment or reemployment in the same or a similar occupation in the area in which the individual resides, including older individuals who may have substantial barriers to employment by reason of age;

(3) has been terminated or has received a notice of termination of employment as a result of a plant closing or a substantial layoff at a plant, facility, or enterprise;

(4) has been self-employed, including farmers and ranchers, and is unemployed as a result of general economic conditions in the community in which the individual resides or because of natural disasters;

(5) is a veteran as defined by section 197.447, has been discharged or released from active duty under honorable conditions within the last 36 months, and (i) is unemployed or (ii) is employed in a job verified to be below the skill level and earning capacity of the veteran;

(6) is an individual determined by the United States Department of Labor to be covered by trade adjustment assistance under United States Code, title 19, sections 2271 to 2331, as amended; ~~or~~

(7) is a displaced homemaker. A "displaced homemaker" is an individual who has spent a substantial number of years in the home providing homemaking service and (i) has been dependent upon the financial support of another; and due to divorce, separation, death, or disability of that person, must now find employment to self support; or (ii) derived the substantial share of support from public assistance on account of dependents in the home and no longer receives such support. To be eligible under this clause, the support must have ceased while the worker resided in Minnesota;

(8) is the spouse of a member of the United States armed forces who is on active duty and who meets at least one of the following: (i) has lost employment as a direct result of relocation to accommodate a permanent change in the service member's duty station; or (ii) is unemployed or underemployed and facing barriers to obtaining or upgrading employment;

(9) is an individual with non-work-related injuries or illnesses who does not have a workers' compensation case but needs support to re-enter or remain in the workforce; or

(10) is an adult with a low income, is a recipient of public assistance, or is deficient in basic skills.

For the purposes of this section, "dislocated worker" does not include an individual who was an employee, at the time employment ceased, of a political committee, political fund, principal campaign committee, or party unit, as those terms are used in chapter 10A, or an organization required to file with the federal elections commission.

(d) "Eligible organization" means a state or local government unit, nonprofit organization, community action agency, business organization or association, or labor organization.

(e) "Plant closing" means the announced or actual permanent shutdown of a single site of employment, or one or more facilities or operating units within a single site of employment.

(f) "Substantial layoff" means a permanent reduction in the workforce, which is not a result of a plant closing, and which results in an employment loss at a single site of employment during any 30-day period for at least 50 employees excluding those employees that work less than 20 hours per week.

Sec. 6. Minnesota Statutes 2023 Supplement, section 116L.43, subdivision 1, is amended to read:

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

(b) "Community-based organization" means a nonprofit organization that:

(1) provides workforce development programming or services;

~~(2) has an annual organizational budget of no more than \$1,000,000;~~

~~(3)~~ (2) has its primary office located in a historically underserved community of color or low-income community; and

~~(4)~~ (3) serves a population that generally reflects the demographics of that local community.

(c) "Entry level jobs" means part-time or full-time jobs that an individual can perform without any prior education or experience.

(d) "High wage" means the income needed for a family to cover minimum necessary expenses in a given geographic area, including food, child care, health care, housing, and transportation.

(e) "Industry specific certification" means a credential an individual can earn to show proficiency in a particular area or skill.

(f) "Remedial training" means additional training provided to staff following the identification of a need and intended to increase proficiency in performing job tasks.

(g) "Small business" has the same meaning as section 645.445.

Sec. 7. Minnesota Statutes 2022, section 268.035, subdivision 20, is amended to read:

Subd. 20. **Noncovered employment.** "Noncovered employment" means:

(1) employment for the United States government or an instrumentality thereof, including military service;

(2) employment for a state, other than Minnesota, or a political subdivision or instrumentality thereof;

(3) employment for a foreign government;

(4) employment covered under the federal Railroad Unemployment Insurance Act;

(5) employment for a church or convention or association of churches, or a nonprofit organization operated primarily for religious purposes that is operated, supervised, controlled, or principally supported by a church or convention or association of churches;

(6) employment for an elementary or secondary school with a curriculum that includes religious education that is operated by a church, a convention or association of churches, or a nonprofit organization that is operated, supervised, controlled, or principally supported by a church or convention or association of churches;

(7) employment for Minnesota or a political subdivision, or a nonprofit organization, of a duly ordained or licensed minister of a church in the exercise of a ministry or by a member of a religious order in the exercise of duties required by the order;

(8) employment for Minnesota or a political subdivision, or a nonprofit organization, of an individual receiving rehabilitation of "sheltered" work in a facility conducted for the purpose of carrying out a program of rehabilitation for individuals whose earning capacity is impaired by age or physical or mental deficiency or injury or a program providing "sheltered" work for individuals who because of an impaired physical or mental capacity cannot be readily absorbed in the competitive labor market. This clause applies only to services performed in a facility certified by the Rehabilitation Services Branch of the department or in a day training or habilitation program licensed by the Department of Human Services;

(9) employment for Minnesota or a political subdivision, or a nonprofit organization, of an individual receiving work relief or work training as part of an unemployment work relief or work training program financed in whole or in part by any federal agency or an agency of a state or political subdivision thereof. This clause does not apply to programs that require unemployment benefit coverage for the participants;

(10) employment for Minnesota or a political subdivision, as an elected official, a member of a legislative body, or a member of the judiciary;

(11) employment as a member of the Minnesota National Guard or Air National Guard;

(12) employment for Minnesota or a political subdivision, or instrumentality thereof, of an individual serving on a temporary basis in case of fire, flood, tornado, or similar emergency;

(13) employment as an election official or election worker for Minnesota or a political subdivision, if the compensation for that employment was less than \$1,000 in a calendar year;

(14) employment for Minnesota that is a major policy-making or advisory position in the unclassified service;

(15) employment for Minnesota in an unclassified position established under section 43A.08, subdivision 1a;

(16) employment for a political subdivision of Minnesota that is a nontenured major policy making or advisory position;

(17) domestic employment in a private household, local college club, or local chapter of a college fraternity or sorority, if the wages paid in any calendar quarter in either the current or prior calendar year to all individuals in domestic employment totaled less than \$1,000.

"Domestic employment" includes all service in the operation and maintenance of a private household, for a local college club, or local chapter of a college fraternity or sorority as distinguished from service as an employee in the pursuit of an employer's trade or business;

(18) employment of an individual by a son, daughter, or spouse, and employment of a child under the age of 18 by the child's father or mother;

(19) employment of an inmate of a custodial or penal institution;

(20) employment for a school, college, or university, by a student who is enrolled and whose primary relation to the school, college, or university is as a student. This does not include an individual whose primary relation to the school, college, or university is as an employee who also takes courses;

(21) employment of an individual who is enrolled as a student in a full-time program at a nonprofit or public educational institution that maintains a regular faculty and curriculum and has a regularly organized body of students in attendance at the place where its educational activities are carried on, taken for credit at the institution, that combines academic instruction with work experience, if the employment is an integral part of the program, and the institution has so certified to the employer, except that this clause does not apply to employment in a program established for or on behalf of an employer or group of employers;

(22) employment of a foreign college or university student who works on a seasonal or temporary basis under the J-1 visa summer work travel program described in Code of Federal Regulations, title 22, section 62.32;

(23) employment of university, college, or professional school students in an internship or other training program with the city of St. Paul or the city of Minneapolis under Laws 1990, chapter 570, article 6, section 3;

(24) employment for a hospital by a patient of the hospital. "Hospital" means an institution that has been licensed by the Department of Health as a hospital;

(25) employment as a student nurse for a hospital or a nurses' training school by an individual who is enrolled and is regularly attending classes in an accredited nurses' training school;

(26) employment as an intern for a hospital by an individual who has completed a four-year course in an accredited medical school;

(27) employment as an insurance salesperson, by other than a corporate officer, if all the wages from the employment is solely by way of commission. The word "insurance" includes an annuity and an optional annuity;

(28) employment as an officer of a township mutual insurance company or farmer's mutual insurance company under chapter 67A;

(29) employment of a corporate officer, if the officer directly or indirectly, including through a subsidiary or holding company, owns 25 percent or more of the employer corporation, and employment of a member of a limited liability company, if the member directly or indirectly, including through a subsidiary or holding company, owns 25 percent or more of the employer limited liability company;

(30) employment as a real estate salesperson, other than a corporate officer, if all the wages from the employment is solely by way of commission;

(31) employment as a direct seller as defined in United States Code, title 26, section 3508;

(32) employment of an individual under the age of 18 in the delivery or distribution of newspapers or shopping news, not including delivery or distribution to any point for subsequent delivery or distribution;

(33) casual employment performed for an individual, other than domestic employment under clause (17), that does not promote or advance that employer's trade or business;

(34) employment in "agricultural employment" unless it is "covered agricultural employment" under subdivision 11; ~~or~~

(35) if employment during one-half or more of any pay period was covered employment, all the employment for the pay period is covered employment; but if during more than one-half of any pay period the employment was noncovered employment, then all of the employment for the pay period is noncovered employment. "Pay period" means a period of not more than a calendar month for which a payment or compensation is ordinarily made to the employee by the employer; or

(36) employment of a foreign agricultural worker who works on a seasonal or temporary basis under the H-2A visa temporary agricultural employment program described in Code of Federal Regulations, title 20, part 655.

Sec. 8. Laws 2023, chapter 53, article 20, section 2, subdivision 3, is amended to read:

Subd. 3. Employment and Training Programs	112,038,000	104,499,000
Appropriations by Fund		
	2024	2025
General	91,036,000	83,497,000
Workforce Development	21,002,000	21,002,000

(a) \$500,000 each year from the general fund and \$500,000 each year from the workforce development fund are for rural career counseling coordinators in the workforce service areas and for the purposes specified under Minnesota Statutes, section 116L.667.

(b) \$25,000,000 each year is for the targeted population workforce grants under Minnesota Statutes, section 116L.43. The department may use up to five percent of this appropriation for administration, monitoring, and oversight of the program. Of this amount:

(1) \$18,500,000 each year is for job and entrepreneurial skills training grants under Minnesota Statutes, section 116L.43, subdivision 2;

(2) \$1,500,000 each year is for diversity and inclusion training for small employers under Minnesota Statutes, section 116L.43, subdivision 3; and

(3) \$5,000,000 each year is for capacity building grants under Minnesota Statutes, section 116L.43, subdivision 4.

The base for this appropriation is \$1,275,000 in fiscal year 2026 and each year thereafter.

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

(d) \$10,000,000 each year is for the Drive for Five Initiative to conduct outreach and provide job skills training, career counseling, case management, and supportive services for careers in (1) technology, (2) labor, (3) the caring professions, (4) manufacturing, and (5) educational and professional services. This is a onetime appropriation.

(e) Of the amounts appropriated in paragraph (d), the commissioner must make \$7,000,000 each year available through a competitive request for proposal process. The grant awards must be used to provide education and training in the five industries identified in paragraph (d). Education and training may include:

- (1) student tutoring and testing support services;
- (2) training and employment placement in high wage and high growth employment;
- (3) assistance in obtaining industry-specific certifications;
- (4) remedial training leading to enrollment in employment training programs or services;
- (5) real-time work experience;
- (6) career and educational counseling;
- (7) work experience and internships; and
- (8) supportive services.

(f) Of the amount appropriated in paragraph (d), \$2,000,000 each year must be awarded through competitive grants made to trade associations or chambers of commerce for job placement services. Grant awards must be used to encourage workforce training efforts to ensure that efforts are aligned with employer demands and that graduates are connected with employers that are currently hiring. Trade associations or chambers must partner with employers with current or anticipated employment opportunities and nonprofit workforce training partners participating in this program. The trade associations or chambers must work closely with the industry sector training providers in the five industries identified in paragraph (d). Grant awards may be used for:

- (1) employer engagement strategies to align employment opportunities for individuals exiting workforce development training programs. These strategies may include business recruitment, job opening development, employee recruitment, and job matching. Trade associations must utilize the state's labor exchange system;

(2) diversity, inclusion, and retention training of their members to increase the business' understanding of welcoming and retaining a diverse workforce; and

(3) industry-specific training.

(g) Of the amount appropriated in paragraph (d), \$1,000,000 each year is to hire, train, and deploy business services representatives in local workforce development areas throughout the state. Business services representatives must work with an assigned local workforce development area to address the hiring needs of Minnesota's businesses by connecting job seekers and program participants in the CareerForce system. Business services representatives serve in the classified service of the state and operate as part of the agency's Employment and Training Office. The commissioner shall develop and implement training materials and reporting and evaluation procedures for the activities of the business services representatives. The business services representatives must:

(1) serve as the primary contact for businesses in that area;

(2) actively engage employers by assisting with matching employers to job seekers by referring candidates, convening job fairs, and assisting with job announcements; and

(3) work with the local area board and its partners to identify candidates for openings in small and midsize companies in the local area.

(h) \$2,546,000 each year from the general fund and \$4,604,000 each year from the workforce development fund are for the pathways to prosperity competitive grant program. Of this amount, up to five percent is for administration and monitoring of the program.

(i) \$500,000 each year is from the workforce development fund for current Minnesota affiliates of OIC of America, Inc. This appropriation shall be divided equally among the eligible centers.

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

(k) \$1,000,000 each year is for a competitive grant program to provide grants to organizations that provide support services for individuals, such as job training, employment preparation, internships, job assistance to parents, financial literacy, academic

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

(l) \$750,000 each year from the general fund and \$6,698,000 each year from the workforce development fund are for the youth-at-work competitive grant program under Minnesota Statutes, section 116L.562. Of this amount, up to five percent is for administration and monitoring of the youth workforce development competitive grant program. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year. The base for this appropriation is \$750,000 from the general fund and \$3,348,000 from the workforce development fund beginning in fiscal year 2026 and each year thereafter.

(m) \$1,093,000 each year is from the general fund and \$1,000,000 each year is from the workforce development fund for the youthbuild program under Minnesota Statutes, sections 116L.361 to 116L.366. The base for this appropriation is \$1,000,000 from the workforce development fund in fiscal year 2026 and each year thereafter.

(n) \$4,511,000 each year from the general fund and \$4,050,000 each year from the workforce development fund are for the Minnesota youth program under Minnesota Statutes, sections 116L.56 and 116L.561. The base for this appropriation is \$0 from the general fund and \$4,050,000 from the workforce development fund in fiscal year 2026 and each year thereafter.

(o) \$750,000 each year is for the Office of New Americans under Minnesota Statutes, section 116J.4231.

(p) \$1,000,000 each year from the workforce development fund is for a grant to the Minnesota Technology Association to support the SciTech internship program, a program that supports science, technology, engineering, and math (STEM) internship opportunities for two- and four-year college students and graduate students in their fields of study. The internship opportunities must match students with paid internships within STEM disciplines at small, for-profit companies located in Minnesota having fewer than 250 employees worldwide. At least 325 students must be matched each year. No more than 15 percent of the hires may be graduate students. Selected hiring companies shall receive from the grant 50 percent of the wages paid to the intern, capped at \$3,000 per intern. The program must work toward increasing the participation among women or other underserved populations. This is a onetime appropriation.

(q) \$750,000 each year is for grants to the Minneapolis Park and Recreation Board's Teen Teamworks youth employment and training programs. This is a onetime appropriation and available until June 30, 2027. Any unencumbered balance remaining at the end of the first year does not cancel but is available in the second year.

(r) \$900,000 each year is for a grant to Avivo to provide low-income individuals with career education and job skills training that is fully integrated with chemical and mental health services. Of this amount, up to \$250,000 each year is for a grant to Avivo to provide resources and support services to survivors of sex trafficking and domestic abuse in the greater St. Cloud area as they search for employment. Program resources include but are not limited to costs for day care, transportation, housing, legal advice, procuring documents required for employment, interview clothing, technology, and Internet access. The program shall also include public outreach and corporate training components to communicate to the public and potential employers about the specific struggles faced by survivors as they re-enter the workforce. This is a onetime appropriation.

(s) \$1,000,000 each year is for the getting to work grant program under Minnesota Statutes, section 116J.545. Of this amount, up to five percent is for administration and monitoring of the program. This is a onetime appropriation.

(t) \$400,000 each year is for a grant to the nonprofit 30,000 Feet to fund youth apprenticeship jobs, wraparound services, after-school programming, and summer learning loss prevention efforts targeted at African American youth. This is a onetime appropriation.

(u) \$463,000 the first year is for a grant to the Boys and Girls Club of Central Minnesota. This is a onetime appropriation. Of this amount:

(1) \$313,000 is to fund one year of free full-service programming for a new program in Waite Park that will employ part-time youth development staff and provide community volunteer opportunities for people of all ages. Career exploration and life skills programming will be a significant dimension of programming at this new site; and

(2) \$150,000 is for planning and design for a new multiuse facility for the Boys and Girls Club of Waite Park and other community partners, including the Waite Park Police Department and the Whitney Senior Center.

(v) \$1,000,000 each year is for a grant to the Minnesota Alliance of Boys and Girls Clubs to administer a statewide project of youth job skills and career development. This project, which may have career guidance components including health and life skills, must be designed to encourage, train, and assist youth in early access to education and job-seeking skills, work-based learning experience, including career pathways in STEM learning, career exploration and matching, and first job placement through local community partnerships and on-site job opportunities. This grant requires a 25 percent match from nonstate resources. This is a onetime appropriation.

(w) \$1,000,000 the first year is for a grant to the Owatonna Area Chamber of Commerce Foundation for the Learn and Earn Initiative to help the Owatonna and Steele County region grow and retain a talented workforce. This is a onetime appropriation and is available until June 30, 2025. Of this amount:

(1) \$900,000 is to develop an advanced manufacturing career pathway program for youth and adult learners with shared learning spaces, state-of-the-art equipment, and instructional support to grow and retain talent in Owatonna; and

(2) \$100,000 is to create the Owatonna Opportunity scholarship model for the Learn and Earn Initiative for students and employers.

(x) \$250,000 each year from the workforce development fund is for a grant to the White Bear Center for the Arts for establishing a paid internship program for high school students to learn professional development skills through an arts perspective. This is a onetime appropriation.

(y) \$250,000 each year is for the Minnesota Family Resiliency Partnership under Minnesota Statutes, section 116L.96. The commissioner, through the adult career pathways program, shall distribute the money to existing nonprofit and state displaced homemaker programs. This is a onetime appropriation.

(z) \$600,000 each year is for a grant to East Side Neighborhood Services. This is a onetime appropriation of which:

(1) \$300,000 each year is for the senior community service employment program, which provides work readiness training to low-income adults ages 55 and older to provide ongoing support and mentoring services to the program participants as well as the transition period from subsidized wages to unsubsidized wages; and

(2) \$300,000 each year is for the nursing assistant plus program to serve the increased need for growth of medical talent pipelines through expansion of the existing program and development of in-house training.

The amounts specified in clauses (1) and (2) may also be used to enhance employment programming for youth and young adults, ages 14 to 24, to introduce them to work culture, develop essential work readiness skills, and make career plans through paid internship experiences and work readiness training.

(aa) \$1,500,000 each year from the workforce development fund is for a grant to Ujamaa Place to assist primarily African American men with job training, employment preparation, internships, education, vocational housing, and organizational capacity building. This is a onetime appropriation.

(bb) \$500,000 each year is for a grant to Comunidades Organizando el Poder y la Acción Latina (COPAL) for worker center programming that supports primarily low-income, migrant, and Latinx workers with career planning, workforce training and education, workers' rights advocacy, health resources and navigation, and wealth creation resources. This is a onetime appropriation.

(cc) \$2,000,000 each year is for a grant to Propel Nonprofits to provide capacity-building grants and related technical assistance to small, culturally specific organizations that primarily serve historically underserved cultural communities. Propel Nonprofits may only award grants to nonprofit organizations that have an annual organizational budget of less than \$1,000,000. These grants may be used for:

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

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

(3) creating or expanding partnerships with existing organizations that have specialized expertise in order to increase capacity of the grantee organization to improve services to the community.

Of this amount, up to five percent may be used by Propel Nonprofits for administrative costs. This is a onetime appropriation.

(dd) \$1,000,000 each year is for a grant to Goodwill Easter Seals Minnesota and its partners. The grant must be used to continue the FATHER Project in Rochester, St. Cloud, St. Paul, Minneapolis, and the surrounding areas to assist fathers in overcoming barriers that prevent fathers from supporting their children economically and emotionally, including with community re-entry following confinement. This is a onetime appropriation.

(ee) \$250,000 the first year is for a grant to the ProStart and Hospitality Tourism Management Program for a well-established, proven, and successful education program that helps young people advance careers in the hospitality industry and addresses critical long-term workforce shortages in that industry.

(ff) \$450,000 each year is for grants to Minnesota Diversified Industries to provide inclusive employment opportunities and services for people with disabilities. This is a onetime appropriation.

(gg) \$1,000,000 the first year is for a grant to Minnesota Diversified Industries to assist individuals with disabilities through the unified work model by offering virtual and in-person career skills classes augmented with virtual reality tools. Minnesota Diversified Industries shall submit a report on the number and demographics of individuals served, hours of career skills programming delivered, outreach to employers, and recommendations for future career skills delivery methods to the chairs and ranking minority members of the legislative committees with jurisdiction over labor and workforce development policy and finance by January 15, 2026. This is a onetime appropriation and is available until June 30, 2025.

(hh) \$1,264,000 each year is for a grant to Summit Academy OIC to expand employment placement, GED preparation and administration, and STEM programming in the Twin Cities, Saint Cloud, and Bemidji. This is a onetime appropriation.

(ii) \$500,000 each year is for a grant to Minnesota Independence College and Community to provide employment preparation, job placement, job retention, and service coordination services to adults with autism and learning differences. This is a onetime appropriation.

(jj) \$1,000,000 the first year and \$2,000,000 the second year are for a clean economy equitable workforce grant program. Money must be used for grants to support partnership development, planning, and implementation of workforce readiness programs aimed at workers who are Black, Indigenous, and People of Color. Programs must include workforce training, career development, workers' rights training, employment placement, and culturally appropriate job readiness and must prepare workers for careers in the high-demand fields of construction, clean energy, and energy efficiency. Grants must be given to nonprofit organizations that serve historically disenfranchised communities, including new Americans, with preference for organizations that are new providers of workforce programming or which have partnership agreements with registered apprenticeship programs. This is a onetime appropriation.

(kk) \$350,000 the first year and \$25,000 the second year are for a grant to the University of Minnesota Tourism Center for the creation and operation of an online hospitality training program in partnership with Explore Minnesota Tourism. This training program must be made available at no cost to Minnesota residents in an effort to address critical workforce shortages in the hospitality and tourism industries and assist in career development. The base for this appropriation is \$25,000 in fiscal year 2026 and each year thereafter for ongoing system maintenance, management, and content updates.

(ll) \$3,000,000 the first year is for competitive grants to support high school robotics teams and prepare youth for careers in STEM fields. Of this amount, \$2,000,000 is for creating internships for high school students to work at private companies in STEM fields, including the payment of student stipends. This is a onetime appropriation and is available until June 30, 2028.

(mm) \$750,000 each year is for grants to the nonprofit Sanneh Foundation to fund out-of-school and summer programs focused on mentoring and behavioral, social, and emotional learning interventions and enrichment activities directed toward low-income students of color. This is a onetime appropriation and available until June 30, ~~2026~~ 2027.

(nn) \$1,000,000 each year is for a grant to the Hmong American Partnership to expand job training and placement programs primarily serving the Southeast Asian community. This is a onetime appropriation.

(oo) \$1,000,000 each year is for a grant to Comunidades Latinas Unidas En Servicio (CLUES) to address employment, economic, and technology access disparities for low-income unemployed or underemployed individuals. Grant money must support short-term certifications and transferable skills in high-demand fields, workforce readiness, customized financial capability, and employment supports. At least 50 percent of this amount must be used for programming targeted at greater Minnesota. This is a onetime appropriation.

(pp) \$300,000 each year is for a grant to All Square. The grant must be used to support the operations of All Square's Fellowship and Prison to Law Pipeline programs which operate in Minneapolis, St. Paul, and surrounding correctional facilities to assist incarcerated and formerly incarcerated Minnesotans in overcoming employment barriers that prevent economic and emotional freedom. This is a onetime appropriation.

(qq) \$1,000,000 each year is for a grant to the Redemption Project to provide employment services to adults leaving incarceration, including recruiting, educating, training, and retaining employment mentors and partners. This is a onetime appropriation.

(rr) \$500,000 each year is for a grant to Greater Twin Cities United Way to make grants to partner organizations to provide workforce training using the career pathways model that helps students gain work experience, earn experience in high-demand fields, and transition into family-sustaining careers. This is a onetime appropriation.

(ss) \$3,000,000 each year is for a grant to Community Action Partnership of Hennepin County. This is a onetime appropriation. Of this amount:

(1) \$1,500,000 each year is for grants to 21 Days of Peace for social equity building and community engagement activities; and

(2) \$1,500,000 each year is for grants to A Mother's Love for community outreach, empowerment training, and employment and career exploration services.

(tt) \$750,000 each year is for a grant to Mind the G. A. P. P. (Gaining Assistance to Prosperity Program) to improve the quality of life of unemployed and underemployed individuals by improving their employment outcomes and developing individual earnings potential. This is a onetime appropriation. Any unencumbered balance remaining at the end of the first year does not cancel but is available in the second year.

(uu) \$550,000 each year is for a grant to the International Institute of Minnesota. Grant money must be used for workforce training for new Americans in industries in need of a trained workforce. This is a onetime appropriation.

(vv) \$400,000 each year from the workforce development fund is for a grant to Hired to expand their career pathway job training and placement program that connects lower-skilled job seekers to entry-level and gateway jobs in high-growth sectors. This is a onetime appropriation.

(ww) \$500,000 each year is for a grant to the American Indian Opportunities and Industrialization Center for workforce development programming, including reducing academic disparities for American Indian students and adults. This is a onetime appropriation.

(xx) \$500,000 each year from the workforce development fund is for a grant to the Hmong Chamber of Commerce to train ethnically Southeast Asian business owners and operators in better business practices. Of this amount, up to \$5,000 may be used for administrative costs. This is a onetime appropriation.

(yy) \$275,000 each year is for a grant to Southeast Minnesota Workforce Development Area 8 and Workforce Development, Inc., to provide career planning, career pathway training and education, wraparound support services, and job skills advancement in high-demand careers to individuals with barriers to employment in Steele County, and to help families build secure pathways out of poverty and address worker shortages in the Owatonna and Steele County area, as well as supporting Employer Outreach Services that provide solutions to workforce challenges and direct connections to workforce programming. Money may be used for program expenses, including but not limited to hiring instructors and navigators; space rental; and supportive services to help participants attend classes, including assistance with course fees, child care, transportation, and safe and stable housing. Up to five percent of grant money may be used for Workforce Development, Inc.'s administrative costs. This is a onetime appropriation and is available until June 30, 2027.

(zz) \$589,000 the first year and \$588,000 the second year are for grants to the Black Women's Wealth Alliance to provide low-income individuals with job skills training, career counseling, and job placement assistance. This is a onetime appropriation.

(aaa) \$250,000 each year is for a grant to Abijahs on the Backside to provide equine experiential mental health therapy to first responders suffering from job-related trauma and post-traumatic stress disorder. For purposes of this paragraph, a "first responder" is a peace officer as defined in Minnesota Statutes, section 626.84, subdivision 1, paragraph (c); a full-time firefighter as defined in Minnesota Statutes, section 299N.03, subdivision 5; or a volunteer firefighter as defined in Minnesota Statutes, section 299N.03, subdivision 7.

Abijahs on the Backside must report to the commissioner of employment and economic development and the chairs and ranking minority members of the legislative committees with jurisdiction over employment and economic development policy and finance on the equine experiential mental health therapy provided to first responders under this paragraph. The report must include an overview of the program's budget, a detailed explanation of program expenditures, the number of first responders served by the program, and a list and explanation of the services provided to and benefits received by program participants. An initial report is due by January 15, 2024, and a final report is due by January 15, 2026. This is a onetime appropriation.

(bbb) \$500,000 each year is for a grant to Ramsey County to provide job training and workforce development for underserved communities. Grant money may be subgranted to Milestone Community Development for the Milestone Tech program. This is a onetime appropriation.

(ccc) \$500,000 each year is for a grant to Ramsey County for a technology training pathway program focused on intergenerational community tech work for residents who are at least 18 years old and no more than 24 years old and who live in a census tract that has a poverty rate of at least 20 percent as reported in the most recently completed decennial census published by the United States Bureau of the Census. Grant money may be used for program administration, training, training stipends, wages, and support services. This is a onetime appropriation. (ddd) \$200,000 each year is for a grant to Project Restore Minnesota for the Social Kitchen project, a pathway program for careers in the culinary arts. This is a onetime appropriation and is available until June 30, 2027.

(eee) \$100,000 each year is for grants to the Minnesota Grocers Association Foundation for Carts to Careers, a statewide initiative to promote careers, conduct outreach, provide job skills training, and award scholarships for students pursuing careers in the food industry. This is a onetime appropriation.

(fff) \$1,200,000 each year is for a grant to Twin Cities R!SE. Of this amount, \$700,000 each year is for performance grants under Minnesota Statutes, section 116J.8747, to Twin Cities R!SE to provide training to individuals facing barriers to employment; and \$500,000 each year is to increase the capacity of the Empowerment Institute through employer partnerships across Minnesota and expansion of the youth personal empowerment curriculum. This is a onetime appropriation and available until June 30, 2026.

(ggg) \$750,000 each year is for a grant to Bridges to Healthcare to provide career education, wraparound support services, and job skills training in high-demand health care fields to low-income parents, nonnative speakers of English, and other hard-to-train individuals, helping families build secure pathways out of poverty while also addressing worker shortages in one of Minnesota's most innovative industries. Grants may be used for program expenses, including but not limited to hiring instructors and navigators; space rental; and supportive services to help participants attend classes, including assistance with course fees, child care, transportation, and safe and stable housing. In addition, up to five percent of grant money may be used for Bridges to Healthcare's administrative costs. This is a onetime appropriation.

(hhh) \$500,000 each year is for a grant to Big Brothers Big Sisters of the Greater Twin Cities to provide disadvantaged youth ages 12 to 21 with job-seeking skills, connections to job training and education opportunities, and mentorship while exploring careers. The grant shall serve youth in the Big Brothers Big Sisters chapters in the Twin Cities, central Minnesota, and southern Minnesota. This is a onetime appropriation.

(iii) \$3,000,000 each year is for a grant to Youthprise to provide economic development services designed to enhance long-term economic self-sufficiency in communities with concentrated African populations statewide. Of these amounts, 50 percent is for subgrants to Ka Joog and 50 percent is for competitive subgrants to community organizations. This is a onetime appropriation.

(jjj) \$350,000 each year is for a grant to the YWCA Minneapolis to provide training to eligible individuals, including job skills training, career counseling, and job placement assistance necessary to secure a child development associate credential and to have a career path in early education. This is a onetime appropriation.

(kkk) \$500,000 each year is for a grant to Emerge Community Development to support and reinforce critical workforce training at the Emerge Career and Technical Center, Cedar Riverside Opportunity Center, and Emerge Second Chance programs in the city of Minneapolis. This is a onetime appropriation.

(lll) \$425,000 each year is for a grant to Better Futures Minnesota to provide job skills training to individuals who have been released from incarceration for a felony-level offense and are no more than 12 months from the date of release. This is a onetime appropriation.

Better Futures Minnesota shall annually report to the commissioner on how the money was spent and what results were achieved. The report must include, at a minimum, information and data about the number of participants; participant homelessness, employment, recidivism, and child support compliance; and job skills training provided to program participants.

(mmm) \$500,000 each year is for a grant to Pillsbury United Communities to provide job training and workforce development services for underserved communities. This is a onetime appropriation.

(nnn) \$500,000 each year is for a grant to Project for Pride in Living for job training and workforce development services for underserved communities. This is a onetime appropriation.

(ooo) \$300,000 each year is for a grant to YMCA of the North to provide career exploration, job training, and workforce development services for underserved youth and young adults. This is a onetime appropriation.

(ppp) \$500,000 each year is for a grant to Al Maa'uun, formerly the North at Work program, for a strategic intervention program designed to target and connect program participants to meaningful, sustainable living wage employment. This is a onetime appropriation.

(qqq) \$500,000 each year is for a grant to CAIRO to provide workforce development services in health care, technology, and transportation (CDL) industries. This is a onetime appropriation.

(rrr) \$500,000 each year is for a grant to the Central Minnesota Community Empowerment Organization for providing services to relieve economic disparities in the African immigrant community through workforce recruitment, development, job creation, assistance of smaller organizations to increase capacity, and outreach. Of this amount, up to five percent is for administration and monitoring of the program. This is a onetime appropriation.

(sss) \$270,000 each year is for a grant to the Stairstep Foundation for community-based workforce development efforts. This is a onetime appropriation.

(ttt) \$400,000 each year is for a grant to Building Strong Communities, Inc, for a statewide apprenticeship readiness program to prepare women, BIPOC community members, and veterans to enter the building and construction trades. This is a onetime appropriation.

(uuu) \$150,000 each year is for prevailing wage staff under Minnesota Statutes, section 116J.871, subdivision 2.

(vvv) \$250,000 each year is for the purpose of awarding a grant to Minnesota Community of African People with Disabilities (MNCAPD), Roots Connect, and Fortune Relief and Youth Empowerment Organization (FRAYEO). This is a onetime appropriation. MNCAPD, Roots Connect, and FRAYEO must use grant proceeds to provide funding for workforce development activities for at-risk youth from low-income families and unengaged young adults experiencing disabilities, including:

(1) job readiness training for at-risk youth, including resume building, interview skills, and job search strategies;

(2) on-the-job training opportunities with local businesses;

(3) support services such as transportation assistance and child care to help youth attend job training programs; and

(4) mentorship and networking opportunities to connect youth with professionals in the youth's desired fields.

(www)(1) \$250,000 each year is for a grant to Greater Rochester Advocates for Universities and Colleges (GRAUC), a collaborative organization representing health care, business, workforce development, and higher education institutions, for expenses relating to starting up a state-of-the-art simulation center for training health care workers in southeast Minnesota. Once established, this center must be self-sustaining through user fees. Eligible expenses include leasing costs, developing and providing training, and operational costs. This is a onetime appropriation.

(2) By January 15, 2025, GRAUC must submit a report, including an independent financial audit of the use of grant money, to the chairs and ranking minority members of the legislative committees having jurisdiction over higher education and economic development. This report must include details on the training provided at the simulation center, including the names of all organizations that use the center for training, the number of individuals each organization trained, and the type of training provided.

(xxx)(1) \$350,000 each year is for a grant to the Minnesota Association of Black Lawyers for a pilot program supporting black undergraduate students pursuing admission to law school. This is a onetime appropriation.

(2) The program must:

(i) enroll an initial cohort of ten to 20 black Minnesota resident students attending a baccalaureate degree-granting postsecondary institution in Minnesota full time;

(ii) support each of the program's students with an academic scholarship in the amount of \$4,000 per academic year;

(iii) organize events and programming, including but not limited to one-on-one mentoring, to familiarize enrolled students with law school and legal careers; and

(iv) provide the program's students free test preparation materials, academic support, and registration for the Law School Admission Test (LSAT) examination.

(3) The Minnesota Association of Black Lawyers may use grant funds under clause (1) for costs related to:

(i) student scholarships;

(ii) academic events and programming, including food and transportation costs for students;

(iii) LSAT preparation materials, courses, and registrations; and

(iv) hiring staff for the program.

(4) By January 30, 2024, and again by January 30, 2025, the Minnesota Association of Black Lawyers must submit a report to the commissioner and to the chairs and ranking minority members of legislative committees with jurisdiction over workforce development finance and policy and higher education finance and policy. The report must include an accurate and detailed account of the pilot program, its outcomes, and its revenues and expenses, including the use of all state funds appropriated in clause (1).

(yyy) \$2,000,000 the first year is for a grant to the Power of People Leadership Institute (POPLI) to expand pre- and post-release personal development and leadership training and community reintegration services, to reduce recidivism, and increase access to employment. This is a onetime appropriation and is available until June 30, 2025.

(zzz) \$500,000 the first year is to the Legislative Coordinating Commission for the Working Group on Youth Interventions. This is a onetime appropriation.

Sec. 9. Laws 2023, chapter 53, article 21, section 6, is amended to read:

Sec. 6. **TRANSFERS.**

(a) In the biennium ending on June 30, 2025, the commissioner of management and budget must transfer \$400,000,000 from the general fund to the Minnesota forward fund account established in Minnesota Statutes, section 116J.8752, subdivision 2. The base for this transfer is \$0.

(b) In the biennium ending on June 30, 2025, the commissioner of management and budget shall transfer \$25,000,000 from the general fund to the Minnesota climate innovation authority account established in Minnesota Statutes, section 216C.441, subdivision 11. The base for this transfer is \$0.

(c) In the biennium ending on June 30, 2025, the commissioner of management and budget must transfer \$75,000,000 from the general fund to the state competitiveness fund account established in Minnesota Statutes, section 216C.391, subdivision 2. Notwithstanding Minnesota Statutes, section 216C.391, subdivision 2, the commissioner of commerce must use this transfer for grants to eligible entities for projects receiving federal loans or tax credits where the benefits are in disadvantaged communities. The base for this transfer is \$0. Up to three percent of money transferred under this paragraph is for administrative costs.

(d) ~~In the biennium ending on June 30, 2027,~~ The commissioners of management and budget, in consultation with the commissioners of employment and economic development and commerce, may transfer money between the Minnesota forward fund account, the Minnesota climate innovation authority account, and the state competitiveness fund account. The commissioner of management and budget must notify the Legislative Advisory Commission within 15 days of making transfers under this paragraph.

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

Sec. 10. **CHANGE STARTS WITH COMMUNITY VIOLENCE PREVENTION PROGRAM.**

Subdivision 1. **Objectives.** Change Starts With Community must:

(1) develop and implement year-round job training programs for at-risk youth and adults and provide trusted adult mentorship for at-risk BIPOC youth, providing them with the skills needed for gainful employment and career opportunities; and

(2) create on-site job opportunities at Shiloh Cares Food Shelf, promoting community engagement and economic development.

Subd. 2. **Partnerships.** (a) Change Starts With Community shall partner with the Cargill Foundation to support at-risk youth educational career field trips and mental health check-ins, exposing participants to multiple career paths and preventing further trauma through mental health check-ins for youth.

(b) Change Starts With Community shall partner with Hennepin County juvenile corrections and the Minneapolis Police Department to receive referrals for at-risk youth who would benefit from enrollment in the program to prevent risky behaviors and community violence.

Subd. 3. **At-risk youth and adult job program positions.** Change Starts With Community must use grant proceeds to add positions to the program's complement, including but not limited to youth mentorships, food service workers, an executive director, a director, and a program director.

Subd. 4. **Report.** Change Starts With Community shall report to the commissioner of employment and economic development, outlining the utilization of grant money, program outcomes, and the impact on the targeted population. The report shall be submitted no later than six months after the end of fiscal year 2025.

Sec. 11. **CENTER FOR NURSING EQUITY AND EXCELLENCE.**

Subdivision 1. **Establishment.** The Center for Nursing Equity and Excellence is established within the University of Minnesota, in collaboration with Minnesota State Colleges and Universities, to address nursing workforce needs, including issues of health equity, recruitment, retention, and utilization of nursing workforce resources that are within the current scope of the practice of nurses.

Subd. 2. **Duties.** The center shall:

(1) develop a strategic statewide plan for nursing workforce supply based on a detailed analysis of workforce needs by conducting a statistically valid biennial data-driven gap analysis of the supply and demand of the health care workforce. The center shall:

(i) establish and maintain a database on nursing supply and demand in the state, including current supply and demand; and

(ii) analyze the current and future supply and demand in the state;

(2) establish and maintain a database on nursing workforce needs, including current data and future projections;

(3) develop recommendations to increase nurse faculty and clinical preceptors, support nurse faculty development, and promote advanced nurse education;

(4) develop best practices in the academic preparation and continuing education needs of qualified nurse educators, nurse faculty, and clinical preceptors;

(5) collect data on nurse faculty, employment, distribution, and retention;

(6) pilot innovative projects to support the recruitment, development, and retention of qualified nurse faculty and clinical preceptors;

(7) encourage and coordinate the development of academic practice partnerships, including partnerships with hospitals that provide opportunities for nursing students to obtain clinical experience to support nurse faculty employment and advancement;

(8) develop distance learning infrastructure for advancing faculty competencies in the pedagogy of teaching and the evidence-based use of technology, simulation, and distance learning techniques;

(9) enhance and promote recognition, reward, and renewal activities for nurses in the state by:

(i) promoting nursing excellence programs such as magnet recognition by the American Nurses Credentialing Center;

(ii) proposing and creating additional reward, recognition, and renewal activities for nurses; and

(iii) promoting media and positive image-building efforts for nursing; and

(10) routinely convene various groups representative of nurses, health care professionals, business and industry consumers, lawmakers, and educators to:

(i) review and comment on data analysis prepared for the center;

(ii) recommend systemic changes, including strategies for implementation of recommended changes; and

(iii) evaluate and report the results of these efforts to the legislature and other entities.

Subd. 3. **Report.** Beginning in 2025, by no later than January 15 of each year, the center shall submit a report to the governor and the chairs and ranking minority members of the legislative committees having jurisdiction over higher education, health care, and workforce development, providing details of the center's activities during the preceding calendar year in pursuit of its goals and in the execution of its duties.

Sec. 12. **SHAKOPEE AREA WORKFORCE DEVELOPMENT SCHOLARSHIPS PILOT.**

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

(b) "Employer-sponsored applicant" means a student applicant with a local employer scholarship equal to or greater than 25 percent of the workforce development scholarship.

(c) "Local employer" means an employer with a physical location in a county within the service area of the foundation as listed in paragraph (d).

(d) "Shakopee Chamber Foundation" or "foundation" means a nonprofit organization which provides workforce and charitable services to Scott County as well as the Shakopee Mdewakanton Sioux Community.

Subd. 2. Grants and administration. (a) The commissioner of employment and economic development must award appropriated grant funds to the foundation to administer the Shakopee area workforce development scholarship pilot program. The foundation may use up to ten percent of grant funds for administrative costs.

(b) The foundation and participating college or university from the Minnesota State Colleges and Universities system must establish an application process and other guidelines for implementing this program.

Subd. 3. Scholarship recipient requirements. (a) To be eligible for a scholarship from the foundation, a student must:

(1) be enrolling or enrolled at least half-time in a program at a college or university from the Minnesota State Colleges and Universities system approved by the Dakota-Scott Workforce Development Board under subdivision 4; and

(2) complete the Free Application for Federal Student Aid (FAFSA), if applicable to the program for which they are enrolling or enrolled.

(b) A recipient of a scholarship awarded under this section must:

(1) adhere to any applicable participating local employer program requirements; and

(2) sign a contract agreeing to fulfill the employment obligation under paragraph (c).

(c) A scholarship recipient must fulfill a three-year full-time employment commitment within the service area of the foundation as listed in subdivision 1, paragraph (d). The employment may be with the local employer sponsoring the student or any qualified local employer in a high-demand occupation as defined by the Dakota-Scott Workforce Development Board. If a recipient of a scholarship fails to fulfill the requirements of this paragraph, the foundation may convert the scholarship to a loan. Amounts repaid from a loan must be used to fund scholarship awards under this section.

Subd. 4. Program eligibility. (a) The Dakota-Scott Workforce Development Board must annually identify eligible undergraduate degree, diploma, or certificate or industry-recognized credential programs in advanced manufacturing, health care, law enforcement, hospitality, or other high-demand occupations. The Dakota-Scott Workforce Development Board must consider data based on a workforce shortage for full-time employment requiring postsecondary education that is unique to the region, as reported in the most recent Department of Employment and Economic Development job vacancy survey data for the economic development region. A workforce shortage area is one in which the job vacancy rate for full-time employment in a specific occupation in the region is higher than the state average vacancy rate for that same occupation.

(b) By December 1, 2024, and annually through December 1, 2029, the Dakota-Scott Workforce Development Board must provide a list of eligible programs administered by each Minnesota state college and university that are eligible for scholarships in the subsequent year.

Subd. 5. Employer partnerships. The foundation and Minnesota State Colleges and Universities must establish partnerships with qualified local employers to ensure that 25 percent of the Shakopee area workforce development scholarship is matched with employer or foundation funds.

Subd. 6. Scholarship awards. (a) The foundation must coordinate available funds and award scholarships to Minnesota state colleges and universities with programs approved by the Dakota-Scott Workforce Development Board. Scholarships must be coordinated by the individual colleges approved by the Dakota-Scott Workforce Development Board and applied only after all other available tuition waivers and grant and scholarship funding through a last-dollar-in model. Scholarships are intended to supplement all other tuition waivers and grant and scholarship opportunities and to cover the full cost of attendance to the eligible students.

(b) If the appropriated grant is insufficient to award scholarships to all eligible applicants, priority must first be given to applicants that are program continuing applicants. Priority must then be given to employer-sponsored applicants.

Subd. 7. **Renewal; cap.** A student who has been awarded a scholarship may apply in subsequent academic years until the student completes a qualifying program. A student who successfully completes an eligible program and the subsequent work period requirement is eligible for a scholarship for a second program, but total lifetime awards must not exceed scholarships for two programs.

Subd. 8. **Report required.** The foundation must submit an annual report by December 31 of each year regarding the scholarship program to the chairs and ranking minority members of the legislative committees with jurisdiction over employment and economic development policy. The first report is due no later than December 31, 2025. The annual report must describe the following:

(1) the number of students receiving a scholarship at each participating college during the previous calendar year;

(2) the number of scholarships awarded for each program and the type of each program during the previous calendar year;

(3) the number of scholarship recipients who completed a program of study or certification;

(4) the number of scholarship recipients who secured employment by their graduation date and those who secured employment within three months of their graduation date;

(5) a list of the colleges that received funding, the amount of funding each institution received, and whether all withheld funds were distributed;

(6) a list of occupations scholarship recipients are entering;

(7) the number of students who were denied a scholarship;

(8) a list of participating local employers and amounts of any applicable employer contributions; and

(9) a list of recommendations to the legislature regarding potential program improvements.

Sec. 13. **REVISOR INSTRUCTION.**

The revisor of statutes shall codify Laws 2023, chapter 53, article 21, section 6, paragraph (d), as Minnesota Statutes, section 116J.8752, subdivision 4a. The revisor may make any technical, grammatical, or cross-reference changes necessary to effectuate this recodification.

Sec. 14. **REPEALER.**

Minnesota Statutes 2022, section 116L.17, subdivision 5, is repealed."

Delete the title and insert:

"A bill for an act relating to economic development; making supplemental appropriations for workforce development; modifying workforce development policy provisions; appropriating money; amending Minnesota Statutes 2022, sections 116J.8748, subdivision 1; 268.035, subdivision 20; Minnesota Statutes 2023 Supplement, sections 116J.8748, subdivisions 3, 4, 6; 116L.17, subdivision 1; 116L.43, subdivision 1; Laws 2023, chapter 53, article 20, section 2, subdivisions 3, 4, 6; article 21, section 6; repealing Minnesota Statutes 2022, section 116L.17, subdivision 5."

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

The report was adopted.

Nelson, M., from the Committee on Labor and Industry Finance and Policy to which was referred:

H. F. No. 5217, A bill for an act relating to state government; modifying supplemental appropriations and other provisions related to the Bureau of Mediation Services; amending Minnesota Statutes 2022, section 626.892, subdivision 10; Laws 2023, chapter 53, article 19, section 4; repealing Minnesota Statutes 2022, sections 179.81; 179.82; 179.83, subdivision 1; 179.84, subdivision 1; 179.85; Minnesota Rules, parts 5520.0100; 5520.0110; 5520.0120; 5520.0200; 5520.0250; 5520.0300; 5520.0500; 5520.0520; 5520.0540; 5520.0560; 5520.0600; 5520.0620; 5520.0700; 5520.0710; 5520.0800.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

**"ARTICLE 1
APPROPRIATIONS**

Section 1. **APPROPRIATIONS.**

(a) The sums shown in the columns under "Appropriations" are added to the appropriations in Laws 2023, chapter 53, or other law to the specified agency. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2024" and "2025" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2024, or June 30, 2025, respectively. "The first year" is fiscal year 2024. "The second year" is fiscal year 2025. "The biennium" is fiscal years 2024 and 2025.

(b) If an appropriation in this article is enacted more than once in the 2024 regular or special legislative session, the appropriation must be given effect only once.

	<u>APPROPRIATIONS</u>	
	<u>Available for the Year</u>	
	<u>Ending June 30</u>	
	<u>2024</u>	<u>2025</u>
Sec. 2. <u>DEPARTMENT OF HEALTH</u>	<u>\$-0-</u>	<u>\$174,000</u>

\$174,000 the second year is for technical assistance for rulemaking for acceptable blood lead levels for workers. This is a onetime appropriation and is available until June 30, 2026.

Sec. 3. **DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT**

\$-0-

\$9,000,000

\$9,000,000 the second year is for a grant to Tending the Soil, to design, redesign, renovate, construct, furnish, and equip the Rise Up Center, a building located in Minneapolis, that will house a workforce development and job training center, administrative offices, and a public gathering space.

Sec. 4. Laws 2023, chapter 53, article 19, section 2, subdivision 1, is amended to read:

Subdivision 1. **Total Appropriation**

\$47,710,000

\$ 44,044,000
44,720,000

Appropriations by Fund

	2024	2025
General	7,200,000	4,889,000 <u>5,286,000</u>
Workers' Compensation	30,599,000	32,390,000 <u>32,669,000</u>
Workforce Development	9,911,000	6,765,000

The amounts that may be spent for each purpose are specified in the following subdivisions. The general fund base for this appropriation is ~~\$4,936,000~~ \$5,006,000 in fiscal year 2026 and ~~\$4,958,000~~ \$4,959,000 in fiscal year 2027 and each year thereafter. The workers compensation fund base is ~~\$32,749,000~~ \$32,892,000 in fiscal year 2026 and \$32,458,000 in fiscal year 2027 and each year thereafter. The workforce development fund base is \$6,765,000 in fiscal year 2026 and each year thereafter.

Sec. 5. Laws 2023, chapter 53, article 19, section 2, subdivision 3, is amended to read:

Subd. 3. **Labor Standards**

6,520,000

~~6,270,000~~
6,667,000

Appropriations by Fund

General	4,957,000	4,635,000 <u>5,032,000</u>
Workforce Development	1,563,000	1,635,000

The general fund base for this appropriation is ~~\$4,682,000~~ \$4,752,000 in fiscal year 2026 and ~~\$4,704,000~~ \$4,705,000 in fiscal year 2027 and each year thereafter.

- (a) \$2,046,000 each year is for wage theft prevention.
- (b) \$1,563,000 the first year and \$1,635,000 the second year are from the workforce development fund for prevailing wage enforcement.
- (c) \$134,000 the first year and \$134,000 the second year are for outreach and enforcement efforts related to changes to the nursing mothers, lactating employees, and pregnancy accommodations law.
- (d) \$661,000 the first year and \$357,000 the second year are to perform work for the Nursing Home Workforce Standards Board. The base for this appropriation is \$404,000 in fiscal year 2026 and \$357,000 in fiscal year 2027.
- (e) \$225,000 the first year and \$169,000 the second year are for the purposes of the Safe Workplaces for Meat and Poultry Processing Workers Act.
- (f) \$27,000 the first year is for the creation and distribution of a veterans' benefits and services poster under Minnesota Statutes, section 181.536.
- (g) \$141,000 the second year is to inform and educate employers relating to Minnesota Statutes, section 181.960. This is a onetime appropriation.
- (h) \$200,000 the second year is for education and training related to employee misclassification. This is a onetime appropriation and is available until June 30, 2026.

Sec. 6. Laws 2023, chapter 53, article 19, section 2, subdivision 5, is amended to read:

Subd. 5. Workplace Safety	8,644,000	7,559,000 <u>7,838,000</u>
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Appropriations by Fund

General	2,000,000	-0-
Workers' Compensation	6,644,000	7,559,000 <u>7,838,000</u>

The workers compensation fund base for this appropriation is ~~\$7,918,000~~ \$8,061,000 in fiscal year 2026 and \$7,627,000 in fiscal year 2027 and each year thereafter.

\$2,000,000 the first year is for the ergonomics safety grant program. This appropriation is available until June 30, 2026. This is a onetime appropriation.

Sec. 7. Laws 2023, chapter 53, article 19, section 4, is amended to read:

Sec. 4. BUREAU OF MEDIATION SERVICES	\$3,707,000	\$3,789,000
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~~(a) \$750,000 each year is for purposes of the Public Employment Relations Board under Minnesota Statutes, section 179A.041.~~

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

~~(c) \$47,000 each year is for rulemaking, staffing, and other costs associated with peace officer grievance procedures.~~

EFFECTIVE DATE. This section is effective retroactively from July 1, 2023.

ARTICLE 2 COMBATIVE SPORTS

Section 1. Minnesota Statutes 2022, section 326B.89, subdivision 5, is amended to read:

Subd. 5. **Payment limitations.** The commissioner shall not pay compensation from the fund to an owner or a lessee in an amount greater than ~~\$75,000~~ \$100,000 per licensee. The commissioner shall not pay compensation from the fund to owners and lessees in an amount that totals more than \$550,000 per licensee. The commissioner shall only pay compensation from the fund for a final judgment that is based on a contract directly between the licensee and the homeowner or lessee that was entered into prior to the cause of action and that requires licensure as a residential building contractor or residential remodeler.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 2. Minnesota Statutes 2023 Supplement, section 341.25, is amended to read:

341.25 RULES.

(a) The commissioner may adopt rules that include standards for the physical examination and condition of combatants and referees.

(b) The commissioner may adopt other rules necessary to carry out the purposes of this chapter, including, but not limited to, the conduct of all combative sport contests and their manner, supervision, time, and place.

(c) The most recent version of the Unified Rules of Mixed Martial Arts, as promulgated by the Association of Boxing Commissions, is incorporated by reference and made a part of this chapter except as qualified by this chapter and Minnesota Rules, chapter 2202. In the event of a conflict between this chapter and the Unified Rules, this chapter must govern.

(d) The most recent version of the Unified Rules of Boxing, as promulgated by the Association of Boxing Commissions, is incorporated by reference and made a part of this chapter except as qualified by this chapter and Minnesota Rules, chapter 2201. In the event of a conflict between this chapter and the Unified Rules, this chapter must govern.

(e) The most recent version of the Unified Rules of Kickboxing and Unified Rules of Muay Thai, as promulgated by the Association of Boxing Commissions, ~~is~~ are incorporated by reference and made a part of this chapter except as qualified by this chapter and any applicable Minnesota Rules. In the event of a conflict between this chapter and ~~the Unified Rules~~ those rules, this chapter must govern. If a promoter seeks to hold a kickboxing event governed by a different set of kickboxing rules, the promoter must send the commissioner a copy of the rules under which the proposed bouts will be conducted at least 45 days before the event. The commissioner may approve or deny the use of the alternative rules at the commissioner's discretion. If the alternative rules are approved for an event, this chapter and any applicable Minnesota Rules, except of those incorporating the Unified Rules of Kickboxing and Unified Rules of Muay Thai, must govern if there is a conflict between the rules and Minnesota law.

Sec. 3. Minnesota Statutes 2023 Supplement, section 341.28, subdivision 5, is amended to read:

Subd. 5. **Regulatory authority; martial arts and amateur boxing.** (a) Unless this chapter specifically states otherwise, contests or exhibitions for martial arts and amateur boxing are exempt from the requirements of this chapter and officials at these events are not required to be licensed under this chapter.

(b) Martial arts and amateur boxing contests, unless subject to the exceptions set forth in subdivision 6 or 7, must be regulated by a nationally recognized organization approved by the commissioner. The organization must have a set of written standards, procedures, or rules used to sanction the combative sports it oversees.

(c) Any regulatory body overseeing a martial arts or amateur boxing event must submit bout results to the commissioner within 72 hours after the event. If the regulatory body issues suspensions, the regulatory body must submit to the commissioner a list of any suspensions resulting from the event within 72 hours after the event. Regulatory bodies that oversee combative sports or martial arts contests under subdivision 6 or 7 are not subject to this paragraph.

Sec. 4. Minnesota Statutes 2022, section 341.28, is amended by adding a subdivision to read:

Subd. 7. Regulatory authority; youth competition. Combative sports or martial arts contests between individuals under the age of 18 years are exempt from the requirements of this chapter and officials at these events are not required to be licensed under this chapter. A contest under this subdivision must be regulated by (1) a widely recognized organization that regularly oversees youth competition, or (2) a local government.

Sec. 5. Minnesota Statutes 2022, section 341.29, is amended to read:

341.29 JURISDICTION OF COMMISSIONER.

The commissioner shall:

(1) have sole direction, supervision, regulation, control, and jurisdiction over all combative sport contests that are held within this state unless a contest is exempt from the application of this chapter under federal law;

(2) have sole control, authority, and jurisdiction over all licenses required by this chapter;

(3) grant a license to an applicant if, in the judgment of the commissioner, the financial responsibility, experience, character, and general fitness of the applicant are consistent with the public interest, ~~convenience, or necessity~~ and in the best interests of combative sports and conforms with this chapter and the commissioner's rules;

(4) deny, suspend, or revoke a license using the enforcement provisions of section 326B.082, except that the licensing reapplication time frames remain within the sole discretion of the commissioner; and

(5) serve final nonlicensing orders in performing the duties of this chapter which are subject to the contested case procedures provided in sections 14.57 to 14.69.

Sec. 6. Minnesota Statutes 2023 Supplement, section 341.30, subdivision 4, is amended to read:

Subd. 4. **Prelicensure requirements.** (a) Before the commissioner issues a promoter's license to an individual, corporation, or other business entity, the applicant shall complete a licensing application on the Office of Combative Sports website or on forms prescribed by the commissioner and shall:

(1) show on the licensing application the owner or owners of the applicant entity and the percentage of interest held by each owner holding a 25 percent or more interest in the applicant;

(2) provide the commissioner with a copy of the latest financial statement of the applicant;

(3) provide proof, where applicable, of authorization to do business in the state of Minnesota; and

(4) deposit with the commissioner a surety bond in an amount set by the commissioner, which must not be less than \$10,000. The bond shall be executed in favor of this state and shall be conditioned on the faithful performance by the promoter of the promoter's obligations under this chapter and the rules adopted under it.

(b) Before the commissioner issues a license to a combatant, the applicant shall:

(1) submit to the commissioner the results of current medical examinations on forms prescribed by the commissioner that state that the combatant is cleared to participate in a combative sport contest. The applicant must undergo and submit the results of the following medical examinations, which do not exempt a combatant from the requirements in section 341.33:

(i) a physical examination performed by a licensed medical doctor, doctor of osteopathic medicine, advance practice nurse practitioner, or a physician assistant. Physical examinations are valid for one year from the date of the exam;

(ii) an ophthalmological examination performed by an ophthalmologist or optometrist that includes dilation designed to detect any retinal defects or other damage or a condition of the eye that could be aggravated by combative sports. Ophthalmological examinations are valid for one year from the date of the exam;

(iii) blood work results for HBsAg (Hepatitis B surface antigen), HCV (Hepatitis C antibody), and HIV. Blood work results are good for one year from the date blood was drawn. The commissioner shall not issue a license to an applicant submitting positive test results for HBsAg, HCV, or HIV; and

(iv) other appropriate neurological or physical examinations before any contest, if the commissioner determines that the examination is desirable to protect the health of the combatant;

(2) complete a licensing application on the Office of Combative Sports website or on forms prescribed by the commissioner; and

(3) provide proof that the applicant is 18 years of age. Acceptable proof is a photo driver's license, state photo identification card, passport, or birth certificate combined with additional photo identification.

(c) Before the commissioner issues an amateur combatant license to an individual, the applicant must submit proof of qualifications that includes at a minimum: (1) an applicant's prior bout history and evidence showing that the applicant has completed at least six months of training in a combative sport; or (2) a letter of recommendation from a coach or trainer.

(d) Before the commissioner issues a professional combatant license to an individual, the applicant must submit proof of qualifications that includes an applicant's prior bout history showing the applicant has competed in at least four sanctioned combative sports contests. If the applicant has not competed in at least four sanctioned combative sports contests, the commissioner may still grant the applicant a license if the applicant provides evidence demonstrating that the applicant has sufficient skills and experience in combative sports or martial arts to compete as a professional combatant.

~~(e)~~ (e) Before the commissioner issues a license to a referee, judge, or timekeeper, the applicant must submit proof of qualifications that may include certified training from the Association of Boxing Commissions, licensure with other regulatory bodies, professional references, or a log of bouts worked.

~~(f)~~ (f) Before the commissioner issues a license to a ringside physician, the applicant must submit proof that they are licensed to practice medicine in the state of Minnesota and in good standing.

Sec. 7. Minnesota Statutes 2023 Supplement, section 341.321, is amended to read:

341.321 FEE SCHEDULE.

(a) The fee schedule for professional and amateur licenses issued by the commissioner is as follows:

- (1) referees, \$25;
- (2) promoters, \$700;
- (3) judges and knockdown judges, \$25;
- (4) trainers and seconds, \$40;
- (5) timekeepers, \$25;
- (6) professional combatants, \$70;
- (7) amateur combatants, \$35; and
- (8) ringside physicians, \$25.

All license fees shall be paid no later than the weigh-in prior to the contest. No license may be issued until all prelicensure requirements in section 341.30 are satisfied and fees are paid.

(b) A promoter or event organizer of an event regulated by the Department of Labor and Industry must pay, per event, a combative sport contest fee of ~~€~~.

(c) If the promoter sells tickets for the event, the event fee is \$1,500 per event or four percent of the gross ticket sales, whichever is greater. The fee must be paid as follows:

- (1) \$500 at the time the combative sport contest is scheduled, which is nonrefundable;
- (2) \$1,000 at the weigh-in prior to the contest;
- (3) if four percent of the gross ticket sales is greater than \$1,500, the balance is due to the commissioner within 14 days of the completed contest; and

(4) the value of all complimentary tickets distributed for an event, to the extent they exceed five percent of total event attendance, counts toward gross tickets sales for the purposes of determining a combative sports contest fee. For purposes of this clause, the lowest advertised ticket price shall be used to calculate the value of complimentary tickets.

(d) If the promoter does not sell tickets and receives only a flat payment from a venue to administer the event, the event fee is \$1,500 per event or four percent of the flat payment, whichever is greater. The fee must be paid as follows:

(1) \$500 at the time the combative sport contest is scheduled, which is nonrefundable;

(2) \$1,000 at the weigh-in prior to the contest; and

(3) if four percent of the flat payment is greater than \$1,500, the balance is due to the commissioner within 14 days of the completed contest.

~~(e)~~ (e) All fees and penalties collected by the commissioner must be deposited in the commissioner account in the special revenue fund.

Sec. 8. Minnesota Statutes 2023 Supplement, section 341.33, is amended by adding a subdivision to read:

Subd. 3. **Medical records.** The commissioner may, if the commissioner determines that doing so would be desirable to protect the health of a combatant, provide the combatant's medical information collected under this chapter to the physician conducting a prebout exam under this section or to the ringside physician or physicians assigned to the combatant's combative sports contest.

Sec. 9. Minnesota Statutes 2023 Supplement, section 341.355, is amended to read:

341.355 CIVIL PENALTIES.

When the commissioner finds that a person has violated one or more provisions of any statute, rule, or order that the commissioner is empowered to regulate, enforce, or issue, the commissioner may impose, for each violation, a civil penalty of up to \$10,000 for each violation, or a civil penalty that deprives the person of any economic advantage gained by the violation, or both. The commissioner may also impose these penalties against a person who has violated section 341.28, subdivision 5, paragraph (b) or (c), or subdivision 7.

ARTICLE 3 CONSTRUCTION CODES AND LICENSING

Section 1. Minnesota Statutes 2023 Supplement, section 326B.106, subdivision 1, is amended to read:

Subdivision 1. **Adoption of code.** (a) Subject to paragraphs (c) and (d) and sections 326B.101 to 326B.194, the commissioner shall by rule and in consultation with the Construction Codes Advisory Council establish a code of standards for the construction, reconstruction, alteration, and repair of buildings, governing matters of structural materials, design and construction, fire protection, health, sanitation, and safety, including design and construction standards regarding heat loss control, illumination, and climate control. The code must also include duties and responsibilities for code administration, including procedures for administrative action, penalties, and suspension and revocation of certification. The code must conform insofar as practicable to model building codes generally accepted and in use throughout the United States, including a code for building conservation. In the preparation of the code, consideration must be given to the existing statewide specialty codes presently in use in the state. Model codes with necessary modifications and statewide specialty codes may be adopted by reference. The code must be

based on the application of scientific principles, approved tests, and professional judgment. To the extent possible, the code must be adopted in terms of desired results instead of the means of achieving those results, avoiding wherever possible the incorporation of specifications of particular methods or materials. To that end the code must encourage the use of new methods and new materials. Except as otherwise provided in sections 326B.101 to 326B.194, the commissioner shall administer and enforce the provisions of those sections.

(b) The commissioner shall develop rules addressing the plan review fee assessed to similar buildings without significant modifications including provisions for use of building systems as specified in the industrial/modular program specified in section 326B.194. Additional plan review fees associated with similar plans must be based on costs commensurate with the direct and indirect costs of the service.

(c) Beginning with the 2018 edition of the model building codes and every six years thereafter, the commissioner shall review the new model building codes and adopt the model codes as amended for use in Minnesota, within two years of the published edition date. The commissioner may adopt amendments to the building codes prior to the adoption of the new building codes to advance construction methods, technology, or materials, or, where necessary to protect the health, safety, and welfare of the public, or to improve the efficiency or the use of a building.

(d) Notwithstanding paragraph (c), the commissioner shall act on each new model residential energy code and the new model commercial energy code in accordance with federal law for which the United States Department of Energy has issued an affirmative determination in compliance with United States Code, title 42, section 6833. The commissioner may adopt amendments prior to adoption of the new energy codes, as amended for use in Minnesota, to advance construction methods, technology, or materials, or, where necessary to protect the health, safety, and welfare of the public, or to improve the efficiency or use of a building.

(e) Beginning in 2024, the commissioner shall act on the new model commercial energy code by adopting each new published edition of ASHRAE 90.1 or a more efficient standard. The commercial energy code in effect in 2036 and thereafter must achieve an 80 percent reduction in annual net energy consumption or greater, using the ASHRAE 90.1-2004 as a baseline. The commissioner shall adopt commercial energy codes from 2024 to 2036 that incrementally move toward achieving the 80 percent reduction in annual net energy consumption. By January 15 of the year following each new code adoption, the commissioner shall make a report on progress under this section to the legislative committees with jurisdiction over the energy code.

(f) Nothing in this section shall be interpreted to limit the ability of a public utility to offer code support programs, or to claim energy savings resulting from such programs, through its energy conservation and optimization plans approved by the commissioner of commerce under section 216B.241 or an energy conservation and optimization plan filed by a consumer-owned utility under section 216B.2403.

(g) Beginning in 2026, the commissioner shall act on the new model residential energy code by adopting each new published edition of the International Energy Conservation Code or a more efficient standard. The residential energy code in effect in 2038 and thereafter must achieve a 70 percent reduction in annual net energy consumption or greater, using the 2006 International Energy Conservation Code State Level Residential Codes Energy Use Index for Minnesota, as published by the United States Department of Energy's Building Energy Codes Program, as a baseline. The commissioner shall adopt residential energy codes from 2026 to 2038 that incrementally move toward achieving the 70 percent reduction in annual net energy consumption. By January 15 of the year following each new code adoption, the commissioner shall submit a report on progress under this section to the legislative committees with jurisdiction over the energy code.

Sec. 2. Minnesota Statutes 2022, section 326B.802, subdivision 13, is amended to read:

Subd. 13. **Residential real estate.** "Residential real estate" means a new or existing building constructed for habitation by one to four families, and includes detached garages and swimming pools.

Sec. 3. Minnesota Statutes 2023 Supplement, section 326B.802, subdivision 15, is amended to read:

Subd. 15. **Special skill.** "Special skill" means one of the following eight categories:

(a) **Excavation.** Excavation includes work in any of the following areas:

- (1) excavation;
- (2) trenching;
- (3) grading; and
- (4) site grading.

(b) **Masonry and concrete.** Masonry and concrete includes work in any of the following areas:

- (1) drain systems;
- (2) poured walls;
- (3) slabs and poured-in-place footings;
- (4) masonry walls;
- (5) masonry fireplaces;
- (6) masonry veneer; and
- (7) water resistance and waterproofing.

(c) **Carpentry.** Carpentry includes work in any of the following areas:

- (1) rough framing;
- (2) finish carpentry;
- (3) doors, windows, and skylights;
- (4) porches and decks, excluding footings;
- (5) wood foundations; and
- (6) drywall installation, excluding taping and finishing.

(d) **Interior finishing.** Interior finishing includes work in any of the following areas:

- (1) floor covering;
- (2) wood floors;
- (3) cabinet and counter top installation;
- (4) insulation and vapor barriers;
- (5) interior or exterior painting;
- (6) ceramic, marble, and quarry tile;
- (7) ornamental guardrail and installation of prefabricated stairs; and
- (8) wallpapering.

(e) **Exterior finishing.** Exterior finishing includes work in any of the following areas:

- (1) siding;
- (2) soffit, fascia, and trim;
- (3) exterior plaster and stucco;
- (4) painting; and
- (5) rain carrying systems, including gutters and down spouts.

(f) **Drywall and plaster.** Drywall and plaster includes work in any of the following areas:

- (1) installation;
- (2) taping;
- (3) finishing;
- (4) interior plaster;
- (5) painting; and
- (6) wallpapering.

(g) **Residential roofing.** Residential roofing includes work in any of the following areas:

- (1) roof coverings;
- (2) roof sheathing;
- (3) roof weatherproofing and insulation;

- (4) repair of roof support system, but not construction of new roof support system; and
- (5) penetration of roof coverings for purposes of attaching a solar photovoltaic system.
- (h) **General installation specialties.** Installation includes work in any of the following areas:
 - (1) garage doors and openers;
 - (2) ~~pools~~, spas, and hot tubs;
 - (3) fireplaces and wood stoves;
 - (4) asphalt paving and seal coating;
 - (5) ornamental guardrail and prefabricated stairs; and
 - (6) assembly of the support system for a solar photovoltaic system.

Sec. 4. Minnesota Statutes 2022, section 326B.89, subdivision 1, is amended to read:

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

(b) "Gross annual receipts" means the total amount derived from residential contracting or residential remodeling activities, regardless of where the activities are performed, and must not be reduced by costs of goods sold, expenses, losses, or any other amount.

(c) "Licensee" means a person licensed as a residential contractor or residential remodeler.

(d) "Residential real estate" means a new or existing building constructed for habitation by one to four families, and includes detached garages intended for storage of vehicles associated with the residential real estate, and private swimming pools connected with the residential real estate, which are controlled and used by the owner or the owner's family or invited guests and are not used as part of a business.

(e) "Fund" means the contractor recovery fund.

(f) "Owner" when used in connection with real property, means a person who has any legal or equitable interest in real property and includes a condominium or townhome association that owns common property located in a condominium building or townhome building or an associated detached garage. Owner does not include any real estate developer or any owner using, or intending to use, the property for a business purpose and not as owner-occupied residential real estate.

(g) "Cycle One" means the time period between July 1 and December 31.

(h) "Cycle Two" means the time period between January 1 and June 30.

ARTICLE 4
BUREAU OF MEDIATION SERVICES

Section 1. Minnesota Statutes 2022, section 626.892, subdivision 10, is amended to read:

Subd. 10. **Training.** (a) A person appointed to the arbitrator roster under this section must complete training as required by the commissioner during the person's appointment. At a minimum, an initial training must include:

(1) at least six hours on the topics of cultural competency, racism, implicit bias, and recognizing and valuing community diversity and cultural differences; and

(2) at least six hours on topics related to the daily experience of peace officers, which may include ride-alongs with on-duty officers or other activities that provide exposure to the environments, choices, and judgments required of officers in the field.

(b) The commissioner may adopt rules establishing training requirements consistent with this subdivision.

~~(b) An arbitrator appointed to the roster of arbitrators in 2020 must complete the required initial training by July 1, 2021.~~ (c) An arbitrator appointed to the roster of arbitrators after 2020 must complete the required initial training within six months of the arbitrator's appointment.

~~(e) (d) The Bureau of Mediation Services must pay for all costs associated with the required training must be borne by the arbitrator.~~

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

Sec. 2. **REPEALER.**

(a) Minnesota Statutes 2022, sections 179.81; 179.82; 179.83, subdivision 1; 179.84, subdivision 1; and 179.85, are repealed.

(b) Minnesota Rules, parts 5520.0100; 5520.0110; 5520.0120; 5520.0200; 5520.0250; 5520.0300; 5520.0500; 5520.0520; 5520.0540; 5520.0560; 5520.0600; 5520.0620; 5520.0700; 5520.0710; and 5520.0800, are repealed.

ARTICLE 5
PUBLIC EMPLOYMENT LABOR RELATIONS

Section 1. Minnesota Statutes 2023 Supplement, section 179A.041, subdivision 10, is amended to read:

Subd. 10. **Open Meeting Law; exceptions.** Chapter 13D does not apply to ~~meetings of the a~~ board meeting when ~~it~~ the board is:

(1) deliberating on the merits of an unfair labor practice ~~charges~~ charge under sections 179.11, 179.12, and 179A.13;

(2) reviewing a hearing officer's recommended decision and order ~~of a hearing officer~~ under section 179A.13; or

(3) reviewing ~~decisions of the a~~ commissioner ~~of the Bureau of Mediation Services relating to~~ decision on an unfair labor ~~practices~~ practice under section 179A.12, subdivision 11.

Sec. 2. Minnesota Statutes 2023 Supplement, section 179A.06, subdivision 6, is amended to read:

Subd. 6. **Payroll deduction, authorization, and remittance.** (a) Public employees ~~have the right to~~ may request ~~and be allowed~~ payroll deduction for the exclusive representative and ~~the its associated~~ political fund ~~associated with the exclusive representative and registered pursuant to~~ under section 10A.12. If there is no exclusive representative, public employees may request payroll deduction for the employee organization of their choice. A public employer must provide payroll deduction according to any public employee's request under this paragraph.

(b) A public employer must rely on a certification from ~~any an~~ an exclusive representative requesting remittance of a deduction that the employee organization has and will maintain an authorization, signed, either by hand or electronically according to section 325L.02, paragraph (h), by the public employee from whose salary or wages the deduction is to be made, ~~which may include an electronic signature by the public employee as defined in section 325L.02, paragraph (h).~~ An exclusive representative making such a certification ~~must not be~~ is not required to provide the public employer a copy of the authorization unless a dispute arises about the authorization's existence or terms ~~of the authorization.~~ ~~The exclusive representative must indemnify the public employer for any successful claims made by the employee for unauthorized deductions in reliance on the certification.~~

~~(b) (c)~~ (c) A ~~dues payroll~~ deduction authorization ~~remains in effect~~ is effective until the exclusive representative ~~notifies the~~ employer ~~receives notice from the exclusive representative~~ that a public employee has changed or canceled ~~their the employee's~~ authorization in writing in accordance with the terms of the original ~~authorizing document, and~~ authorization. When determining whether deductions have been properly changed or canceled, a public employer must rely on information from the exclusive representative receiving remittance of the deduction ~~regarding whether the deductions have been properly changed or canceled.~~ ~~The exclusive representative must indemnify the public employer, including any reasonable attorney fees and litigation costs, for any successful claims made by the employee for unauthorized deductions made in reliance on such information.~~

(e) ~~(d)~~ Deduction authorization under this section is:

(1) independent from the public employee's membership status in the employee organization to which payment is remitted; and is

(2) effective regardless of whether a collective bargaining agreement authorizes the deduction.

~~(d) Employers~~ (e) An employer must ~~commence;~~

(1) begin deductions within 30 days ~~of notice of authorization from the~~ after an exclusive representative submits a certification under paragraph (b); and ~~must~~

(2) remit the deductions to the exclusive representative within 30 days of the deduction. ~~The failure of an employer to comply with the provisions of this paragraph shall be an unfair labor practice under section 179A.13, the relief for which shall be reimbursement by the employer of deductions that should have been made or remitted based on a valid authorization given by the employee or employees.~~

(e) ~~In the absence of an exclusive representative, public employees have the right to request and be allowed payroll deduction for the organization of their choice.~~

(f) An exclusive representative must indemnify a public employer:

(1) for any successful employee claim for unauthorized employer deductions made by relying on an exclusive representative's certification under paragraph (b); and

(2) for any successful employee claim for unauthorized employer deductions made by relying on information for changing or canceling deductions under paragraph (c), with indemnification including any reasonable attorney fees and litigation costs.

~~(f)~~ (g) Any dispute under this subdivision must be resolved through an unfair labor practice proceeding under section 179A.13. It is an unfair labor practice if an employer fails to comply with paragraph (e), and the employer must reimburse deductions that should have been made or remitted based on a valid authorization given by the employee or employees.

Sec. 3. Minnesota Statutes 2023 Supplement, section 179A.07, subdivision 8, is amended to read:

Subd. 8. **Bargaining unit information.** (a) Within 20 calendar days ~~from the date of hire of~~ after a bargaining unit employee is hired, a public employer must provide the following ~~contact~~ information on the employee to an the unit's exclusive representative in an Excel file format or other format agreed to by the exclusive representative:

- (1) name;
- (2) job title;
- (3) worksite location, including location ~~within~~ in a facility when appropriate;
- (4) home address;
- (5) work telephone number;
- (6) home and personal cell phone numbers on file with the public employer;
- (7) date of hire; and
- (8) work email address and personal email address on file with the public employer.

(b) Every 120 calendar days ~~beginning on January 1, 2024,~~ a public employer must provide to ~~an a bargaining unit's~~ an a bargaining unit's exclusive representative in an Excel file or similar format agreed to by the exclusive representative the ~~following information under paragraph (a) for all bargaining unit employees: name; job title; worksite location, including location within a facility when appropriate; home address; work telephone number; home and personal cell phone numbers on file with the public employer; date of hire; and work email address and personal email address on file with the public employer.~~

~~(c) A public employer must notify an exclusive representative within 20 calendar days of the separation of If a bargaining unit employee separates from employment or transfer transfers out of the a bargaining unit of a bargaining unit employee, the employee's public employer must notify the employee's exclusive representative within 20 calendar days after the separation or transfer.~~

Sec. 4. Minnesota Statutes 2023 Supplement, section 179A.07, subdivision 9, is amended to read:

Subd. 9. **Access.** (a) A public employer must allow an exclusive representative to meet in person with a newly hired employees, ~~without charge to the pay or leave time of the employees, for 30 minutes,~~ employee within 30 calendar days from the date of hire; during new employee orientations or, if the employer does not conduct new employee orientations, at individual or group meetings. For an orientation or meeting under this paragraph, an employer must allow the employee and exclusive representative up to 30 minutes to meet and must not charge the employee's pay or leave time during the orientation or meeting. An orientation or meeting may be held virtually or for longer than 30 minutes only by mutual agreement of the employer and exclusive representative.

~~(b)~~ An exclusive representative ~~shall~~ must receive ~~no less than~~ at least ten days' notice ~~in advance~~ of an orientation, ~~except that~~ but a shorter notice may be provided ~~where~~ if there is an urgent need critical to the employer's operations ~~of the public employer~~ that was not reasonably foreseeable. Notice of and attendance at new employee orientations and other meetings under this paragraph ~~must be~~ and paragraph (a) are limited to:

(1) the public employer;

(2) the employees;

(3) the exclusive representative; and

~~(4) any vendor contracted to provide a service for purposes of the meeting. Meetings may be held virtually or for longer than 30 minutes only by mutual agreement of the public employer and exclusive representative.~~

~~(b)~~ (c) A public employer must allow an exclusive representative to communicate with bargaining unit members ~~using their employer issued email addresses regarding~~ by email on:

(1) collective bargaining;

(2) the administration of collective bargaining agreements;

(3) the investigation of grievances, and other workplace-related complaints and issues; and

~~(4) internal matters involving the governance or business of the exclusive representative, consistent with the employer's generally applicable technology use policies.~~

(d) An exclusive representative may communicate with bargaining unit members under paragraph (c) via the members' employer-issued email addresses, but the communication must be consistent with the employer's generally applicable technology use policies.

~~(e)~~ (e) A public employer must allow an exclusive representative to meet with bargaining unit members in facilities owned or leased by the public employer ~~regarding~~ to communicate on:

(1) collective bargaining;

(2) the administration of collective bargaining agreements;

(3) the investigation of grievances and other workplace-related complaints and issues; and

~~(4) internal matters involving the governance or business of the exclusive representative, provided the use does not interfere with governmental operations and the exclusive representative complies with worksite security protocols established by the public employer.~~

(f) The following applies for a meeting under paragraph (e):

(1) a meeting cannot interfere with government operations;

(2) the exclusive representative must comply with employer-established worksite security protocols;

~~Meetings conducted~~ (3) a meeting in a government building pursuant to this paragraph must not building cannot be for the purpose of supporting or opposing any candidate for partisan political office or for the purpose of distributing literature or information regarding on partisan elections; and

(4) an exclusive representative conducting a meeting in a government building or other government facility pursuant to this subdivision may be charged for maintenance, security, and other costs related to the use of using the government building or facility that would not otherwise be incurred by the government entity.

Sec. 5. Minnesota Statutes 2023 Supplement, section 179A.10, subdivision 2, is amended to read:

Subd. 2. **State employees.** (a) Unclassified employees, unless otherwise excluded, are included within the units which that include the classifications to which they are assigned for purposes of compensation. Supervisory employees shall only can be assigned only to units unit 12 and or 16. The following units are the appropriate units of executive branch state employees:

- (1) law enforcement unit;
- (2) craft, maintenance, and labor unit;
- (3) service unit;
- (4) health care nonprofessional unit;
- (5) health care professional unit;
- (6) clerical and office unit;
- (7) technical unit;
- (8) correctional guards unit;
- (9) state university instructional unit;
- (10) state college instructional unit;
- (11) state university administrative unit;
- (12) professional engineering unit;
- (13) health treatment unit;
- (14) general professional unit;
- (15) professional state residential instructional unit;
- (16) supervisory employees unit;
- (17) public safety radio communications operator unit;
- (18) licensed peace officer special unit; and
- (19) licensed peace officer leader unit.

~~Each unit consists of the classifications or positions assigned to it in the schedule of state employee job classification and positions maintained by the commissioner. The commissioner may only make changes in the schedule in existence on the day prior to August 1, 1984, as required by law or as provided in subdivision 4.~~

(b) The following positions are included in the licensed peace officer special unit:

- (1) State Patrol lieutenant;
- (2) NR district supervisor - enforcement;
- (3) assistant special agent in charge;
- (4) corrections investigation assistant director 2;
- (5) corrections investigation supervisor; and
- (6) commerce supervisor special agent.

(c) The following positions are included in the licensed peace officer leader unit:

- (1) State Patrol captain;
- (2) NR program manager 2 enforcement; and
- (3) special agent in charge.

(d) Each unit consists of the classifications or positions assigned to it in the schedule of state employee job classification and positions maintained by the commissioner. The commissioner may make changes in the schedule in existence on the day before August 1, 1984, only:

- (1) as required by law; or
- (2) as provided in subdivision 4.

Sec. 6. Minnesota Statutes 2023 Supplement, section 179A.12, subdivision 2a, is amended to read:

Subd. 2a. **Majority verification procedure.** (a) ~~Notwithstanding any other provision of this section, An employee organization may file a petition with the commissioner requesting certification as the exclusive representative of an a proposed appropriate unit based on a verification that for which there is no currently certified exclusive representative. The petition must verify that over 50 percent of the employees in the proposed appropriate unit wish to be represented by the petitioner organization. The commissioner shall require dated representation authorization signatures of affected employees as verification of the employee organization's claim of majority status.~~

(b) ~~Upon receipt of an employee organization's petition, accompanied by employee authorization signatures under this subdivision, the commissioner shall investigate the petition. If the commissioner determines that over 50 percent of the employees in an the appropriate unit have provided authorization signatures designating the petitioning employee organization specified in the petition as their exclusive representative, the commissioner shall not order an election but shall must certify the employee organization as the employees' exclusive representative without ordering an election under this section.~~

Sec. 7. Minnesota Statutes 2022, section 179A.12, subdivision 5, is amended to read:

Subd. 5. **Commissioner to investigate.** ~~The commissioner shall, Upon receipt of an employee organization's receiving a petition to the commissioner under subdivision 3 1a or 2a, the commissioner must:~~

(1) investigate to determine if sufficient evidence of a question of representation exists; and

(2) hold hearings necessary to determine the appropriate unit and other matters necessary to determine the representation rights of the affected employees and employer.

Sec. 8. Minnesota Statutes 2023 Supplement, section 179A.12, subdivision 6, is amended to read:

Subd. 6. **Authorization signatures.** ~~In (a) When~~ determining the numerical status of an employee organization for purposes of this section, the commissioner ~~shall~~ must require a dated representation authorization signatures of affected employees signature of each affected employee as verification of the statements contained in the ~~joint request or petitions petition. These~~

(b) ~~An~~ authorization ~~signatures shall be~~ signature is privileged and confidential information available to the commissioner only. ~~An~~ electronic ~~signatures signature~~, as defined in section 325L.02, paragraph (h), ~~shall be~~ is valid as an authorization ~~signatures signature~~.

(c) ~~An~~ authorization ~~signatures shall be~~ signature is valid for ~~a period of~~ one year following the signature date ~~of signature.~~

Sec. 9. Minnesota Statutes 2023 Supplement, section 179A.12, subdivision 11, is amended to read:

Subd. 11. **Unfair labor practices.** The commissioner may void the result of an election or majority verification procedure and order a new election or procedure if the commissioner finds that one of the following:

(1) there was an unfair labor practice that:

(i) was committed by an employer or, a representative candidate or, an employee, or a group of employees; and that the unfair labor practice

(ii) affected the result of an the election or the majority verification procedure pursuant to subdivision 2a; or that

(2) procedural or other irregularities in the conduct of the election or majority verification procedure may have substantially affected its the results, the commissioner may void the result and order a new election or majority verification procedure.

Sec. 10. **RULEMAKING.**

The commissioner must adopt rules on petitions for majority verification, including technical changes needed for consistency with Minnesota Statutes, section 179A.12, and the commissioner may use the expedited rulemaking process under Minnesota Statutes, section 14.389.

Sec. 11. **REVISOR INSTRUCTION.**

The revisor of statutes must renumber Minnesota Statutes, section 179A.12, subdivision 3, as Minnesota Statutes, section 179A.12, subdivision 1a.

ARTICLE 6
UNIVERSITY OF MINNESOTA COLLECTIVE BARGAINING UNITS

Section 1. Minnesota Statutes 2023 Supplement, section 179A.03, subdivision 14, is amended to read:

Subd. 14. **Public employee or employee.** (a) "Public employee" or "employee" means any person appointed or employed by a public employer except:

- (1) elected public officials;
- (2) election officers;
- (3) commissioned or enlisted personnel of the Minnesota National Guard;
- (4) emergency employees who are employed for emergency work caused by natural disaster;
- (5) part-time employees whose service does not exceed the lesser of 14 hours per week or 35 percent of the normal work week in the employee's appropriate unit;
- (6) employees whose positions are basically temporary or seasonal in character and: (i) are not for more than 67 working days in any calendar year; or (ii) are not working for a Minnesota school district or charter school; ~~or (iii) are not for more than 100 working days in any calendar year and the employees are under the age of 22, are full-time students enrolled in a nonprofit or public educational institution prior to being hired by the employer, and have indicated, either in an application for employment or by being enrolled at an educational institution for the next academic year or term, an intention to continue as students during or after their temporary employment;~~
- (7) employees providing services for not more than two consecutive quarters to the Board of Trustees of the Minnesota State Colleges and Universities under the terms of a professional or technical services contract as defined in section 16C.08, subdivision 1;
- (8) employees of charitable hospitals as defined by section 179.35, subdivision 3, except that employees of charitable hospitals as defined by section 179.35, subdivision 3, are public employees for purposes of sections 179A.051, 179A.052, and 179A.13;
- ~~(9) full-time undergraduate students employed by the school which they attend under a work-study program or in connection with the receipt of financial aid, irrespective of number of hours of service per week;~~
- ~~(10) (9) an individual who is employed for less than 300 hours in a fiscal year as an instructor in an adult vocational education program;~~
- ~~(11) (10) with respect to court employees:~~
 - (i) personal secretaries to judges;
 - (ii) law clerks;
 - (iii) managerial employees;
 - (iv) confidential employees; and
 - (v) supervisory employees; or

~~(12)~~ (11) with respect to employees of Hennepin Healthcare System, Inc., managerial, supervisory, and confidential employees.

(b) The following individuals are public employees regardless of the exclusions of paragraph (a), clauses (5) to (7):

(1) an employee hired by a school district or the Board of Trustees of the Minnesota State Colleges and Universities except at the university established in the Twin Cities metropolitan area under section 136F.10 or for community services or community education instruction offered on a noncredit basis: (i) to replace an absent teacher or faculty member who is a public employee, where the replacement employee is employed more than 30 working days as a replacement for that teacher or faculty member; or (ii) to take a teaching position created due to increased enrollment, curriculum expansion, courses which are a part of the curriculum whether offered annually or not, or other appropriate reasons;

(2) an employee hired for a position under paragraph (a), clause (6), item (i), if that same position has already been filled under paragraph (a), clause (6), item (i), in the same calendar year and the cumulative number of days worked in that same position by all employees exceeds 67 calendar days in that year. For the purpose of this paragraph, "same position" includes a substantially equivalent position if it is not the same position solely due to a change in the classification or title of the position;

(3) an early childhood family education teacher employed by a school district; ~~and~~

(4) an individual hired by the Board of Trustees of the Minnesota State Colleges and Universities or the University of Minnesota as the instructor of record to teach (i) one class for more than three credits in a fiscal year, or (ii) two or more credit-bearing classes in a fiscal year; and

(5) an individual who: (i) is paid by the Board of Regents of the University of Minnesota for work performed at the direction of the university or any of its employees or contractors; and (ii) is enrolled in three or more university credit-bearing classes or one semester as a full-time student or post-doctoral fellow during the fiscal year in which the work is performed. For purposes of this section, work paid by the university includes but is not limited to work that is required as a condition of receiving a stipend or tuition benefit, whether or not the individual also receives educational benefit from performing that work. Individuals who perform supervisory functions in regard to any of the aforementioned workers are not considered supervisory employees for the purpose of section 179A.06, subdivision 2.

Sec. 2. Minnesota Statutes 2022, section 179A.11, subdivision 1, is amended to read:

Subdivision 1. **Units.** (a) The following are ~~the~~ appropriate units of University of Minnesota employees. All units shall exclude managerial and confidential employees. ~~Supervisory employees shall only be assigned to unit 13. No additional units of University of Minnesota employees shall be recognized for the purpose of meeting and negotiating.~~

(1) The Law Enforcement Unit ~~consists of~~ includes the positions of all employees with the power of arrest.

(2) The Craft and Trades Unit ~~consists of~~ includes the positions of all employees whose work requires specialized manual skills and knowledge acquired through formal training or apprenticeship or equivalent on-the-job training or experience.

(3) The Service, Maintenance, and Labor Unit ~~consists of~~ includes the positions of all employees whose work is typically that of maintenance, service, or labor and which does not require extensive previous training or experience, except as provided in unit 4.

(4) The Health Care Nonprofessional and Service Unit ~~consists of~~ includes the positions of all nonprofessional employees of the University of Minnesota hospitals, dental school, and health service whose work is unique to those settings, excluding labor and maintenance employees as defined in unit 3.

(5) The Nursing Professional Unit ~~consists of~~ includes all positions which are required to be filled by registered nurses.

(6) The Clerical and Office Unit ~~consists of~~ includes the positions of all employees whose work is typically clerical or secretarial, including nontechnical data recording and retrieval and general office work, except as provided in unit 4.

(7) The Technical Unit ~~consists of~~ includes the positions of all employees whose work is not typically manual and which requires specialized knowledge or skills acquired through two-year academic programs or equivalent experience or on-the-job training, except as provided in unit 4.

~~(8) The Twin Cities Instructional Unit consists of the positions of all instructional employees with the rank of professor, associate professor, assistant professor, including research associate or instructor, including research fellow, located on the Twin Cities campuses.~~

~~(9)~~ (8) The Outstate Instructional Unit ~~consists of~~ includes the positions of all instructional employees with the rank of professor, associate professor, assistant professor, including research associate or instructor, including research fellow, located at the Duluth campus, provided that the positions of instructional employees of the same ranks at the Morris, Crookston, or ~~Waseca~~ Rochester campuses shall be included within this unit if a majority of the eligible employees voting at a campus so vote during an election conducted by the commissioner, provided that the election or majority verification procedure shall not be held until the Duluth campus has voted in favor of representation. The election shall be held or majority verification procedure shall take place when an employee organization or group of employees petitions the commissioner stating that a majority of the eligible employees at one of these campuses wishes to join the unit and this petition is supported by a showing of at least 30 percent support from eligible employees at that campus and is filed between September 1 and November 1.

~~Should both units 8 and 9 elect exclusive bargaining representatives, those representatives may by mutual agreement jointly negotiate a contract with the regents, or may negotiate separate contracts with the regents. If the exclusive bargaining representatives jointly negotiate a contract with the regents, the contract shall be ratified by each unit. For the purposes of this section, "instructional employees" shall include all individuals who spend 35 percent or more of their work time creating, delivering, and assessing the mastery of credit-bearing coursework.~~

(10) The Graduate Assistant Unit ~~consists of~~ includes the positions of all graduate assistants who are enrolled in the graduate school and who hold the rank of research assistant, teaching assistant, teaching associate I or II, project assistant, graduate school fellow, graduate school trainee, professional school fellow, professional school trainee, or administrative fellow I or II. None of the listed ranks refer to ranks under the job category of professionals-in-training.

~~(11) The Academic Professional and Administrative Staff Unit consists of all academic professional and administrative staff positions that are not defined as included in an instructional unit, the supervisory unit, the clerical unit, or the technical unit.~~

~~(12) The Noninstructional Professional Unit consists of the positions of all employees meeting the requirements of section 179A.03, subdivision 13, clause (1) or (2), which are not defined as included within an instructional unit, the Academic Professional and Administrative Staff Unit, or the supervisory unit.~~

~~(13) The Supervisory Employees Unit consists of the positions of all supervisory employees.~~

(b) All University of Minnesota employees whose positions are not within an enumerated bargaining unit in this subdivision may organize in the manner set forth in section 179A.09, and the commissioner must place special weight on the desires of the petitioning employee representatives.

Sec. 3. Minnesota Statutes 2022, section 179A.11, subdivision 2, is amended to read:

Subd. 2. **University of Minnesota employee severance.** (a) Each of the following groups of University of Minnesota employees has the right, as specified in this subdivision, to separate from the instructional and supervisory units: (1) health sciences instructional employees at all campuses with the rank of professor, associate professor, assistant professor, including research associate, or instructor, including research fellow, (2) instructional employees of the law school with the rank of professor, associate professor, assistant professor, including research associate, or instructor, including research fellow, (3) instructional supervisors, (4) noninstructional professional supervisors, and (5) academic professional and administrative staff supervisors.

~~This (b) The right to separate~~ may be exercised:

(1) by petition between September 1 and November 1. If a group separates from its unit, it has no right to meet and negotiate, but retains the right to meet and confer with the appropriate officials on any matter of concern to the group. The right to separate must be exercised as follows: An employee organization or group of employees claiming that a majority of any one of these groups of employees on a statewide basis wish to separate from their unit may petition the commissioner for an election during the petitioning period. If the petition is supported by a showing of at least 30 percent support from the employees, the commissioner ~~shall~~ may hold an election on the separation issue or the petitioning group may proceed under the process set forth in section 179A.12. This election must be conducted within 30 days of the close of the petition period. If a majority of votes cast endorse severance from their unit, the commissioner shall certify that result; or

(2) by the group's exclusion from a proposed unit in a representation petition.

(c) Where not inconsistent with other provisions of this section, the election is governed by section 179A.12. If a group of employees severs, it may rejoin that unit by following the procedures for severance during the periods for severance.

Sec. 4. Minnesota Statutes 2022, section 179A.11, is amended by adding a subdivision to read:

Subd. 3. **Joint bargaining.** Units organized under this section that have elected exclusive bargaining representatives may by mutual agreement jointly negotiate a contract with the regents, or may negotiate separate contracts with the regents. If the exclusive bargaining representatives jointly negotiate a contract with the regents, the contract must be ratified by each unit.

ARTICLE 7 MISCELLANEOUS LABOR PROVISIONS

Section 1. Minnesota Statutes 2023 Supplement, section 116J.871, subdivision 1, as amended by Laws 2024, chapter 85, section 15, is amended to read:

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

(b) "Economic development" means financial assistance provided to a person directly or to a local unit of government or nonprofit organization on behalf of a person who is engaged in the manufacture or sale of goods and services. Economic development does not include (1) financial assistance for rehabilitation of existing housing; (2)

financial assistance for new housing construction in which total financial assistance at a single project site is less than \$100,000; or (3) financial assistance for the new construction of fully detached single-family affordable homeownership units for which the financial assistance covers no more than ten fully detached single-family affordable homeownership units. For purposes of this paragraph, "affordable homeownership" means housing targeted at households with incomes, at initial occupancy, at or below 115 percent of the state or area median income, whichever is greater, as determined by the United States Department of Housing and Urban Development.

(c) "Financial assistance" means (1) a grant awarded by a state agency for economic development related purposes if a single business receives \$200,000 or more of the grant proceeds; (2) a loan or the guaranty or purchase of a loan made by a state agency for economic development related purposes if a single business receives \$500,000 or more of the loan proceeds; ~~or~~ (3) a reduction, credit, or abatement of a tax assessed under chapter 297A where the tax reduction, credit, or abatement applies to a geographic area smaller than the entire state and was granted for economic development related purposes; (4) tax increment financing pursuant to section 469.174, provided that such tax increment financing (i) provides financial assistance to a development that consists, in part or in whole, of 25 units or more of multifamily housing, or (ii) provides \$100,000 or more of financial assistance to a development; or (5) allocations of low-income housing credits by all suballocators as defined under section 462A.222, for which tax credits are used for multifamily housing projects consisting of more than ten units. Financial assistance does not include payments by the state of aids and credits under chapter 273 or 477A to a political subdivision.

(d) "Project site" means the location where improvements are made that are financed in whole or in part by the financial assistance; or the location of employees that receive financial assistance in the form of employment and training services as defined in section 116L.19, subdivision 4, or customized training from a technical college.

(e) "State agency" means any agency defined under section 16B.01, subdivision 2, Enterprise Minnesota, Inc., and the Department of Iron Range Resources and Rehabilitation.

EFFECTIVE DATE. This section is effective for financial assistance provided after August 1, 2024, and applies only to tax increment financing districts for which the request for certification was made on or after August 1, 2024.

Sec. 2. Minnesota Statutes 2023 Supplement, section 177.42, subdivision 2, is amended to read:

Subd. 2. **Project.** "Project" means demolition, erection, construction, alteration, improvement, restoration, remodeling, or repairing of a public building, structure, facility, land, or other public work, which includes any work suitable for and intended for use by the public, or for the public benefit, financed in whole or part by state funds. Project also includes demolition, erection, construction, alteration, improvement, restoration, remodeling, or repairing of a building, structure, facility, land, or public work when:

(1) the acquisition of property, predesign, design, or demolition is financed in whole or part by state funds; ~~or~~

(2) the project is owned by a city, county, or school district and the materials and supplies used or consumed in and equipment incorporated into the construction, reconstruction, upgrade, expansion, renovation, or remodeling of the project qualify for an exemption from sales and use tax under chapter 297A or special law.

Sec. 3. Minnesota Statutes 2022, section 181.960, subdivision 3, is amended to read:

Subd. 3. **Employer.** "Employer" means a person who has ~~20~~ one or more employees. Employer does not include a state agency, statewide system, political subdivision, or advisory board or commission that is subject to chapter 13.

Sec. 4. **RULEMAKING; ACCEPTABLE BLOOD LEAD LEVELS FOR WORKERS.**

The commissioner of labor and industry, in consultation with the commissioner of health, shall adopt rules to:

(1) lower the acceptable blood lead levels above which require mandatory removal of workers from the lead exposure; and

(2) lower the blood lead levels required before a worker is allowed to return to work. The thresholds established must be based on the most recent public health information on the safety of lead exposure.

ARTICLE 8
BROADBAND AND PIPELINE SAFETY

Section 1. Minnesota Statutes 2022, section 116J.395, subdivision 6, is amended to read:

Subd. 6. **Awarding grants.** (a) In evaluating applications and awarding grants, the commissioner shall give priority to applications that are constructed in areas identified by the director of the Office of Broadband Development as unserved.

(b) In evaluating applications and awarding grants, the commissioner may give priority to applications that:

(1) are constructed in areas identified by the director of the Office of Broadband Development as underserved;

(2) offer new or substantially upgraded broadband service to important community institutions including, but not limited to, libraries, educational institutions, public safety facilities, and healthcare facilities;

(3) facilitate the use of telehealth and electronic health records;

(4) serve economically distressed areas of the state, as measured by indices of unemployment, poverty, or population loss that are significantly greater than the statewide average;

(5) provide technical support and train residents, businesses, and institutions in the community served by the project to utilize broadband service;

(6) include a component to actively promote the adoption of the newly available broadband services in the community;

(7) provide evidence of strong support for the project from citizens, government, businesses, and institutions in the community;

(8) provide access to broadband service to a greater number of unserved or underserved households and businesses; or

(9) leverage greater amounts of funding for the project from other private and public sources.

(c) The commissioner shall endeavor to award grants under this section to qualified applicants in all regions of the state.

(d) No less than the following percentages of the total border-to-border broadband grant funds awarded in the year indicated shall be reserved for applicants that agree to implement the workforce best practices as defined in paragraph (e):

- (1) 50 percent in 2024;
- (2) 60 percent in 2025; and
- (3) 70 percent in 2026 and thereafter.

The applicant's agreement to implement the workforce best practices as defined in paragraph (e) must be an express condition of providing the grant in the grant agreement.

(e) An applicant for a grant under this section is considered to implement workforce best practices only if the applicant can demonstrate that:

(1) there is credible evidence of support for the application and the applicant's workforce needs on the project for which the grant is provided from one or more labor, labor-management, or other workforce organizations that have a track record of representing and advocating for workers or recruiting, training, and securing employment for people of color, Indigenous people, women, or people with disabilities in the construction industry; and

(2) all laborers and mechanics performing construction, installation, remodeling, or repairs on the project sites for which the grant is provided:

(i) are paid the prevailing wage rate as defined in section 177.42, subdivision 6, and the applicant and all of its construction contractors and subcontractors agree that the payment of prevailing wage to such laborers and mechanics is subject to the requirements and enforcement provisions under sections 177.27, 177.30, 177.32, 177.41 to 177.435, and 177.45, which the commissioner of labor and industry shall have the authority to enforce; or

(ii) receive from their employer:

(A) at least 80 hours of skills training annually, of which at least 40 hours must consist of hands-on instruction;

(B) employer-paid family health insurance coverage; and

(C) employer-paid retirement benefit payments equal to no less than 15 percent of the employee's total taxable wages.

(f) In the event that the commissioner does not receive enough qualified applications to achieve the standards under paragraph (d), the commissioner shall consult with prospective applicants and labor and workforce organizations under paragraph (e), clause (1), to solicit additional qualified applications.

Sec. 2. **[116J.3991] BROADBAND, EQUITY, ACCESS, AND DEPLOYMENT (BEAD).**

Subdivision 1. **Implementation.** The commissioner shall implement a Broadband, Equity, Access, and Deployment (BEAD) Program that prioritizes applicants for state funding that demonstrate the following:

(1) commitment by the applicant to robust training programs with established requirements that are tied to uniform wage scales, job titles, and relevant certifications or skill codes;

(2) use of a directly employed workforce, as opposed to a subcontracted workforce, to perform broadband placing, splicing, and maintenance work. Public entity applicants may meet this requirement by use of a directly employed workforce or committing to contract with an Internet service provider that will use a directly employed workforce;

(3) commitment to implement workforce best practices under section 116J.395, subdivision 6, paragraph (e), on the project or projects for which the applicant seeks public funding; and

(4) commitment to retaining a locally based workforce and establishing programs to promote training and hiring pipelines for underrepresented communities.

Subd. 2. **Project evaluation.** In projects funded by the BEAD Program, the criteria under subdivision 1 and section 116J.395, subdivision 6, paragraph (e), shall receive a priority point allocation in the point scheme for project applications, such that these criteria shall, together with points awarded for labor law compliance, constitute no fewer than 25 points of the evaluation scheme, out of 100. No fewer than 20 points must be based on an applicant's forward-looking commitments regarding implementation of workforce best practices and other commitments listed in this section.

Subd. 3. **Disclosures.** Applicants' disclosures responding to the criteria in subdivision 1 and section 116J.395, subdivision 6, paragraph (e), must be publicly available on the department website, and all workforce commitments made under this section and section 116J.395 shall become enforceable, certified commitments and conditions of the grant.

Subd. 4. **Workforce plan data.** (a) Grantees in projects funded by the program under this section and section 116J.395 are required to provide in biannual reports information on their workforce, including:

(1) whether the workforce will be directly employed by the grantee or the Internet service provider or whether work will be performed by a subcontracted workforce;

(2) the entities that the contractor plans to subcontract with in carrying out the proposed work, if any, and the entity employing the workforce in each job title;

(3) the job titles and size of the workforce, including the number of full-time equivalent positions that are required to carry out the proposed work over the course of the project;

(4) for each job title required to carry out the proposed work, a description of wages, benefits, applicable wage scales including overtime rates, and a description of how wages are calculated; and

(5) any other workforce plan information as determined by the commissioner.

(b) Following an award, the workforce plan and the requirement to submit ongoing workforce reports shall be incorporated as material conditions of the contract with the department and become enforceable, certified commitments. The commissioner must conduct regular reviews to assure compliance and take appropriate measures for enforcement.

Subd. 5. **Failure to meet requirements or falsification of data.** If successful applicants fail to meet the program requirements under this section, or otherwise falsify information regarding such requirements, the commissioner shall investigate the failure and issue an appropriate action, up to and including a determination that the applicant is ineligible for future participation in broadband grant programs funded by the department.

Subd. 6. **Federal grant requirements.** The commissioner shall have authority not to enforce or apply any requirement of this section to the extent that the requirement would prevent the state from receiving federal broadband grant funding.

Sec. 3. **[181.912] UNDERGROUND TELECOMMUNICATIONS INFRASTRUCTURE.**

Subdivision 1. **Definitions.** For the purposes of this section:

(1) "directional drilling" means a drilling method that utilizes a steerable drill bit to cut a bore hole for installing underground utilities;

(2) "safety-qualified underground telecommunications installer" means a person who has completed underground utilities installation certification under subdivision 3;

(3) "underground telecommunications utilities" means buried broadband, telephone and other telecommunications transmission, distribution and service lines, and associated facilities; and

(4) "underground utilities" means buried electric transmission and distribution lines, gas and hazardous liquids pipelines and distribution lines, sewer and water pipelines, telephone or telecommunications lines, and associated facilities.

Subd. 2. **Installation requirements.** The installation of underground telecommunications infrastructure that is located within ten feet of existing underground utilities or that crosses said utilities must be performed by safety-qualified underground telecommunications installers as follows:

(1) the location of existing utilities by hand or hydro excavation or other accepted methods must be performed by a safety-qualified underground telecommunications installer;

(2) where telecommunications infrastructure is installed by means of directional drilling, the monitoring of the location and depth of the drill head must be performed by a safety-qualified underground telecommunications installer; and

(3) no less than two safety-qualified underground telecommunications installers must be present at all times at any location where telecommunications infrastructure is being installed by means of directional drilling.

Subd. 3. **Certification Standards.** (a) The commissioner of labor and industry shall approve standards for a safety-qualified underground telecommunications installer certification program that requires a person to:

(1) complete a 40-hour initial course that includes classroom and hands-on instruction covering proper work procedures for safe installation of underground utilities, including:

(i) regulations applicable to excavation near existing utilities;

(ii) identification, location, and verification of utility lines using hand or hydro excavation or other accepted methods;

(iii) response to line strike incidents;

(iv) traffic control procedures;

(v) use of a tracking device to safely guide directional drill equipment along a drill path; and

(vi) avoidance and mitigation of safety hazards posed by underground utility installation projects;

(2) demonstrate knowledge of the course material by successfully completing an examination approved by the commissioner; and

(3) complete a four-hour refresher course within three years of completing the original course and every three years thereafter in order to maintain certification.

(b) The commissioner must develop an approval process for training providers under this subdivision, and may suspend or revoke the approval of any training provider that fails to demonstrate consistent delivery of approved curriculum or success in preparing participants to complete the examination.

Sec. 4. Minnesota Statutes 2022, section 216B.17, is amended by adding a subdivision to read:

Subd. 9. **Telecommunications and cable communications systems.** (a) The commission has authority under this section to investigate, upon complaint or on its own motion, conduct by or on behalf of a telecommunications carrier, telephone company, or cable communications system provider that impacts public utility or cooperative electric association infrastructure. If the commission finds that the conduct damaged or unreasonably interfered with the function of the infrastructure, the commission may take any action authorized under sections 216B.52 to 216B.61 with respect to the provider.

(b) For purposes of this subdivision:

(1) "telecommunications carrier" has the meaning given in section 237.01, subdivision 6;

(2) "telephone company" has the meaning given in section 237.01, subdivision 7; and

(3) "cable communications system provider" means an owner or operator of a cable communications system as defined in section 238.02, subdivision 3.

Sec. 5. Minnesota Statutes 2022, section 299J.01, is amended to read:

299J.01 AUTHORITY OF OFFICE OF PIPELINE SAFETY.

The commissioner of public safety shall, to the extent authorized by agreement with the United States Secretary of Transportation, act as agent for the United States Secretary of Transportation to implement the federal Hazardous Liquid Pipeline Safety Act, ~~United States Code, title 49, sections 2001 to 2014, the federal~~ and Natural Gas Pipeline Safety Act acts, United States Code, title 49, sections ~~4671 to 4686~~ 60101 to 60141, and federal pipeline safety regulations with respect to interstate pipelines located within this state. The commissioner shall, to the extent authorized by federal law, regulate pipelines in the state as authorized by sections 299J.01 to 299J.17 and 299F.56 to 299F.641.

Sec. 6. Minnesota Statutes 2022, section 299J.02, is amended by adding a subdivision to read:

Subd. 14. **Utility corridor.** "Utility corridor" means land that contains access to above-ground utility infrastructure or an underground facility as defined in section 216D.01, subdivision 11.

Sec. 7. Minnesota Statutes 2022, section 299J.04, subdivision 2, is amended to read:

Subd. 2. **Delegated duties.** (a) The commissioner shall seek and accept federal designation of the office's pipeline inspectors as federal agents for the purposes of enforcement of the federal Hazardous Liquid Pipeline Safety Act, ~~United States Code, title 49, sections 2001 to 2014, the federal~~ and Natural Gas Pipeline Safety Act acts, United States Code, title 49, sections ~~4671 to 4686~~ 60101 to 60141, and federal rules adopted to implement those acts. The commissioner shall establish and submit to the United States Secretary of Transportation an inspection program that complies with requirements for delegated interstate agent inspection authority.

(b) To the extent that federal delegation of interstate agent inspection authority permits, the inspection program for interstate pipelines and LNG facilities must be the same as the inspection program for intrastate pipelines and LNG facilities. If the United States Secretary of Transportation delegates inspection authority to the state as provided in this subdivision, the commissioner, at a minimum, shall do the following to carry out the delegated federal authority:

- (1) inspect pipelines and LNG facilities periodically as specified in the inspection program;
- (2) collect inspection fees;
- (3) order and oversee the testing of pipelines and LNG facilities as authorized by federal law and regulations; and
- (4) file reports with the United States Secretary of Transportation as required to maintain the delegated inspection authority.

Sec. 8. Minnesota Statutes 2022, section 299J.11, is amended to read:

299J.11 ADOPTION OF FEDERAL PIPELINE INSPECTION RULES.

(a) To enable the state to act as an agent of the United States Secretary of Transportation and to qualify for annual federal certification to enforce the federal pipeline inspection program authorized by the Hazardous Liquid Pipeline Safety Act, ~~United States Code, title 49, sections 2001 to 2014, the federal~~ and Natural Gas Pipeline Safety Act acts, United States Code, title 49, sections ~~1671 to 1686~~ 60101 to 60141, and the rules implementing those acts, the federal pipeline inspection rules and safety standards, and regulations and standards that may be adopted that amend them, are adopted.

(b) An individual or contractor performing construction or maintenance work within 20 feet of a utility corridor must comply with the operator qualification rules set forth in Code of Federal Regulations, title 49, parts 192, subpart N, and 195, subpart G.

(c) An individual or contractor performing construction or maintenance work within 20 feet of a utility corridor must comply with the workplace drug and alcohol testing rules set forth in Code of Federal Regulations, title 49, part 40.

Sec. 9. **REPEALER.**

Minnesota Statutes 2022, section 116J.398, is repealed.

ARTICLE 9
EMPLOYEE MISCLASSIFICATION PROHIBITED

Section 1. Minnesota Statutes 2023 Supplement, section 177.27, subdivision 1, is amended to read:

Subdivision 1. **Examination of records.** The commissioner may enter during reasonable office hours or upon request and inspect the place of business or employment of any employer of employees working in the state, to examine and inspect books, registers, payrolls, and other records of any employer that in any way relate to wages, hours, and other conditions of employment of any employees. The commissioner may transcribe any or all of the books, registers, payrolls, and other records as the commissioner deems necessary or appropriate and may question the employer, employees, and other persons to ascertain compliance with any of the sections 177.21 to 177.435 and 181.165 listed in subdivision 4. The commissioner may investigate wage claims or complaints by an employee against an employer if the failure to pay a wage may violate Minnesota law or an order or rule of the department.

Sec. 2. Minnesota Statutes 2023 Supplement, section 177.27, subdivision 2, is amended to read:

Subd. 2. **Submission of records; penalty.** The commissioner may require the employer of employees working in the state to submit to the commissioner photocopies, certified copies, or, if necessary, the originals of ~~employment~~ records that relate to employment or employment status which the commissioner deems necessary or appropriate. The records which may be required include full and correct statements in writing, including sworn statements by the employer, containing information relating to wages, hours, names, addresses, and any other information pertaining to the employer's employees and the conditions of their employment as the commissioner deems necessary or appropriate.

The commissioner may require the records to be submitted by certified mail delivery or, if necessary, by personal delivery by the employer or a representative of the employer, as authorized by the employer in writing.

The commissioner may fine the employer up to \$10,000 for each failure to submit or deliver records as required by this section. This penalty is in addition to any penalties provided under section 177.32, subdivision 1. In determining the amount of a civil penalty under this subdivision, the appropriateness of such penalty to the size of the employer's business and the gravity of the violation shall be considered.

Sec. 3. Minnesota Statutes 2022, section 177.27, subdivision 3, is amended to read:

Subd. 3. **Adequacy of records.** If the records maintained by the employer do not provide sufficient information to determine the exact amount of back wages due an employee, the commissioner may make a determination of wages due based on available evidence ~~and mediate a settlement with the employer.~~

Sec. 4. Minnesota Statutes 2023 Supplement, section 177.27, subdivision 4, is amended to read:

Subd. 4. **Compliance orders.** The commissioner may issue an order requiring an employer to comply with sections 177.21 to 177.435, 179.86, 181.02, 181.03, 181.031, 181.032, 181.101, 181.11, 181.13, 181.14, 181.145, 181.15, 181.165, 181.172, paragraph (a) or (d), 181.214 to 181.217, 181.275, subdivision 2a, 181.635, 181.722, 181.723, 181.79, 181.85 to 181.89, 181.939 to 181.943, 181.9445 to 181.9448, 181.987, 181.991, 268B.09, subdivisions 1 to 6, and 268B.14, subdivision 3, with any rule promulgated under section 177.28, 181.213, or 181.215. The commissioner shall issue an order requiring an employer to comply with sections 177.41 to 177.435, 181.165, or 181.987 if the violation is repeated. For purposes of this subdivision only, a violation is repeated if at any time during the two years that preceded the date of violation, the commissioner issued an order to the employer for violation of sections 177.41 to 177.435, 181.165, or 181.987 and the order is final or the commissioner and the employer have entered into a settlement agreement that required the employer to pay back wages that were required by sections 177.41 to 177.435. The department shall serve the order upon the employer or the employer's authorized representative in person or by certified mail at the employer's place of business. An employer who wishes to contest the order must file written notice of objection to the order with the commissioner within 15 calendar days after being served with the order. A contested case proceeding must then be held in accordance with sections 14.57 to 14.69 or 181.165. If, within 15 calendar days after being served with the order, the employer fails to file a written notice of objection with the commissioner, the order becomes a final order of the commissioner. For the purposes of this subdivision, an employer includes a contractor that has assumed a subcontractor's liability within the meaning of section 181.165.

Sec. 5. Minnesota Statutes 2023 Supplement, section 177.27, subdivision 7, is amended to read:

Subd. 7. **Employer liability.** If an employer is found by the commissioner to have violated a section identified in subdivision 4, or any rule adopted under section 177.28, 181.213, or 181.215, and the commissioner issues an order to comply, the commissioner shall order the employer to cease and desist from engaging in the violative practice and to take such affirmative steps that in the judgment of the commissioner will effectuate the purposes of

the section or rule violated. In addition to remedies, damages, and penalties provided for in the violated section, the commissioner shall order the employer to pay to the aggrieved parties back pay, gratuities, and compensatory damages, less any amount actually paid to the ~~employee~~ aggrieved parties by the employer, and for an additional equal amount as liquidated damages. Any employer who is found by the commissioner to have repeatedly or willfully violated a section or sections identified in subdivision 4 shall be subject to ~~a~~ an additional civil penalty of up to \$10,000 for each violation for each employee. In determining the amount of a civil penalty under this subdivision, the appropriateness of such penalty to the size of the employer's business and the gravity of the violation shall be considered. In addition, the commissioner may order the employer to reimburse the department and the attorney general for all appropriate litigation and hearing costs expended in preparation for and in conducting the contested case proceeding, unless payment of costs would impose extreme financial hardship on the employer. If the employer is able to establish extreme financial hardship, then the commissioner may order the employer to pay a percentage of the total costs that will not cause extreme financial hardship. Costs include but are not limited to the costs of services rendered by the attorney general, private attorneys if engaged by the department, administrative law judges, court reporters, and expert witnesses as well as the cost of transcripts. Interest shall accrue on, and be added to, the unpaid balance of a commissioner's order from the date the order is signed by the commissioner until it is paid, at an annual rate provided in section 549.09, subdivision 1, paragraph (c). The commissioner may establish escrow accounts for purposes of distributing remedies and damages.

Sec. 6. Minnesota Statutes 2022, section 181.171, subdivision 1, is amended to read:

Subdivision 1. **Civil action; damages.** A person may bring a civil action seeking redress for violations of sections 181.02, 181.03, 181.031, 181.032, 181.08, 181.09, 181.10, 181.101, 181.11, 181.13, 181.14, 181.145, ~~and 181.15, 181.722, and 181.723~~ directly to district court. An employer who is found to have violated the above sections is liable to the aggrieved party for the civil penalties or damages provided for in the section violated. An employer who is found to have violated the above sections shall also be liable for compensatory damages and other appropriate relief including but not limited to injunctive relief.

Sec. 7. Minnesota Statutes 2022, section 181.722, is amended to read:

181.722 MISREPRESENTATION MISCLASSIFICATION OF EMPLOYMENT RELATIONSHIP PROHIBITED EMPLOYEES.

Subdivision 1. ~~**Prohibition Prohibited activities related to employment status.**~~ ~~No employer shall misrepresent the nature of its employment relationship with its employees to any federal, state, or local government unit; to other employers; or to its employees. An employer misrepresents the nature of its employment relationship with its employees if it makes any statement regarding the nature of the relationship that the employer knows or has reason to know is untrue and if it fails to report individuals as employees when legally required to do so.~~

(a) A person shall not:

(1) fail to classify, represent, or treat an individual who is the person's employee pursuant to subdivision 3 as an employee in accordance with the requirements of any applicable local, state, or federal law. A violation under this clause is in addition to any violation of local, state, or federal law;

(2) fail to report or disclose to any person or to any local, state, or federal government agency an individual who is the person's employee pursuant to subdivision 3 as an employee when required to do so under any applicable local, state, or federal law. Each failure to report or disclose an individual as an employee shall constitute a separate violation of this clause; or

(3) require or request an individual who is the person's employee pursuant to subdivision 3 to enter into any agreement or complete any document that misclassifies, misrepresents, or treats the individual as an independent contractor or otherwise does not reflect that the individual is the person's employee pursuant to subdivision 3. Each agreement or completed document constitutes a separate violation of this provision.

(b) An owner, partner, principal, member, officer, or agent, on behalf of the person, who engaged in any of the prohibited activities in this subdivision may be held individually liable.

(c) An order issued by the commissioner to a person for engaging in any of the prohibited activities in this subdivision is in effect against any successor person. A person is a successor person if the person shares three or more of the following with the person to whom the order was issued:

(1) has one or more of the same owners, members, principals, officers, or managers;

(2) performs similar work within the state of Minnesota;

(3) has one or more of the same telephone or fax numbers;

(4) has one or more of the same email addresses or websites;

(5) employs or engages substantially the same individuals to provide or perform services;

(6) utilizes substantially the same vehicles, facilities, or equipment; or

(7) lists or advertises substantially the same project experience and portfolio of work.

Subd. 1a. **Definitions.** (a) "Person" means any individual, sole proprietor, limited liability company, limited liability partnership, corporation, partnership, incorporated or unincorporated association, joint stock company, or any other legal or commercial entity.

(b) "Department" means the Department of Labor and Industry.

(c) "Commissioner" means the commissioner of labor and industry or a duly designated representative of the commissioner who is either an employee of the Department of Labor and Industry or a person working under contract with the Department of Labor and Industry.

(d) "Individual" means a human being.

~~Subd. 2. **Agreements to misclassify prohibited.** No employer shall require or request any employee to enter into any agreement, or sign any document, that results in misclassification of the employee as an independent contractor or otherwise does not accurately reflect the employment relationship with the employer.~~

Subd. 3. Determination of employment relationship. For purposes of this section, the nature of an employment relationship is determined using the same tests and in the same manner as employee status is determined under the applicable workers' compensation ~~and~~ or unemployment insurance program laws and rules.

~~Subd. 4. **Civil remedy Damages and penalties.** A construction worker, as defined in section 179.254, who is not an independent contractor and has been injured by a violation of this section, may bring a civil action for damages against the violator. If the construction worker injured is an employee of the violator of this section, the employee's representative, as defined in section 179.01, subdivision 5, may bring a civil action for damages against the violator on behalf of the employee. The court may award attorney fees, costs, and disbursements to a construction worker recovering under this section.~~

(a) The following damages and penalties may be imposed for a violation of this section:

(1) compensatory damages to the individual the person has failed to classify, represent, or treat as an employee pursuant to subdivision 3. Compensatory damages includes but is not limited to the value of supplemental pay including minimum wage; overtime; shift differentials; vacation pay, sick pay, and other forms of paid time off; health insurance; life and disability insurance; retirement plans; savings plans and any other form of benefit; employer contributions to unemployment insurance; Social Security and Medicare; and any costs and expenses incurred by the individual resulting from the person's failure to classify, represent, or treat the individual as an employee;

(2) a penalty of up to \$10,000 for each individual the person failed to classify, represent, or treat as an employee pursuant to subdivision 3;

(3) a penalty of up to \$10,000 for each violation of subdivision 1; and

(4) a penalty of \$1,000 for each person who delays, obstructs, or otherwise fails to cooperate with the commissioner's investigation. Each day of delay, obstruction, or failure to cooperate constitutes a separate violation.

(b) This section may be investigated and enforced under the commissioner's authority under state law.

Subd. 5. **Reporting of violations.** Any court finding that a violation of this section has occurred shall transmit a copy of its findings of fact and conclusions of law to the commissioner of labor and industry. The commissioner of labor and industry shall report the finding to relevant local, state, and federal agencies, including the commissioner of commerce, the commissioner of employment and economic development, the commissioner of revenue, the federal Internal Revenue Service, and the United States Department of Labor.

Sec. 8. Minnesota Statutes 2022, section 181.723, is amended to read:

181.723 MISCLASSIFICATION OF CONSTRUCTION CONTRACTORS EMPLOYEES.

Subdivision 1. **Definitions.** The definitions in this subdivision apply to this section.

(a) "Person" means any individual, sole proprietor, limited liability company, limited liability partnership, corporation, partnership, incorporated or unincorporated association, ~~sole proprietorship~~, joint stock company, or any other legal or commercial entity.

(b) "Department" means the Department of Labor and Industry.

(c) "Commissioner" means the commissioner of labor and industry or a duly designated representative of the commissioner who is either an employee of the Department of Labor and Industry or person working under contract with the Department of Labor and Industry.

(d) "Individual" means a human being.

(e) "Day" means calendar day unless otherwise provided.

(f) "Knowingly" means knew or could have known with the exercise of reasonable diligence.

(g) "Business entity" means a person ~~other than an individual or a sole proprietor~~ as that term is defined in paragraph (a), except the term does not include an individual.

(h) "Independent contractor" means a business entity that meets all the requirements under subdivision 4, paragraph (a).

Subd. 2. **Limited application.** This section only applies to ~~individuals~~ persons providing or performing public or private sector commercial or residential building construction or improvement services. Building construction ~~and or improvement services do not include all public or private sector commercial or residential building construction or improvement services except for:~~ and or improvement services do not include all public or private sector commercial or residential building construction or improvement services except for: (1) the manufacture, supply, or sale of products, materials, or merchandise; (2) landscaping services for the maintenance or removal of existing plants, shrubs, trees, and other vegetation, whether or not the services are provided as part of a contract for the building construction or improvement services; and (3) all other landscaping services, unless the other landscaping services are provided as part of a contract for the building construction or improvement services.

Subd. 3. **Employee-employer relationship.** Except as provided in subdivision 4, for purposes of chapters 176, 177, 181, 181A, 182, and 268, as of January 1, 2009 and 326B, an individual who provides or performs building construction or improvement services for a person that are in the course of the person's trade, business, profession, or occupation is an employee of that person and that person is an employer of the individual.

Subd. 4. **Independent contractor.** (a) An individual is an independent contractor and not an employee of the person for whom the individual is providing or performing services in the course of the person's trade, business, profession, or occupation only if the individual is operating as a business entity that meets all of the following requirements at the time the services were provided or performed:

- ~~(1) maintains a separate business with the individual's own office, equipment, materials, and other facilities;~~
- ~~(2)(i) holds or has applied for a federal employer identification number or (ii) has filed business or self employment income tax returns with the federal Internal Revenue Service if the individual has performed services in the previous year;~~
- ~~(3) is operating under contract to perform the specific services for the person for specific amounts of money and under which the individual controls the means of performing the services;~~
- ~~(4) is incurring the main expenses related to the services that the individual is performing for the person under the contract;~~
- ~~(5) is responsible for the satisfactory completion of the services that the individual has contracted to perform for the person and is liable for a failure to complete the services;~~
- ~~(6) receives compensation from the person for the services performed under the contract on a commission or per job or competitive bid basis and not on any other basis;~~
- ~~(7) may realize a profit or suffer a loss under the contract to perform services for the person;~~
- ~~(8) has continuing or recurring business liabilities or obligations; and~~
- ~~(9) the success or failure of the individual's business depends on the relationship of business receipts to expenditures.~~

~~An individual who is not registered, if required by section 326B.701, is presumed to be an employee of a person for whom the individual performs services in the course of the person's trade, business, profession, or occupation. The person for whom the services were performed may rebut this presumption by showing that the unregistered individual met all nine factors in this paragraph at the time the services were performed.~~

~~(b) If an individual is an owner or partial owner of a business entity, the individual is an employee of the person for whom the individual is performing services in the course of the person's trade, business, profession, or occupation, and is not an employee of the business entity in which the individual has an ownership interest, unless:~~

- ~~(1) the business entity meets the nine factors in paragraph (a);~~
- ~~(2) invoices and payments are in the name of the business entity; and~~
- ~~(3) the business entity is registered with the secretary of state, if required.~~

~~If the business entity in which the individual has an ownership interest is not registered, if required by section 326B.701, the individual is presumed to be an employee of a person for whom the individual performs services and not an employee of the business entity in which the individual has an ownership interest. The person for whom the services were performed may rebut the presumption by showing that the business entity met the requirements of clauses (1) to (3) at the time the services were performed.~~

(1) was established and maintained separately from and independently of the person for whom the services were provided or performed;

(2) owns, rents, or leases equipment, tools, vehicles, materials, supplies, office space, or other facilities that are used by the business entity to provide or perform building construction or improvement services;

(3) provides or performs, or offers to provide or perform, the same or similar building construction or improvement services for multiple persons or the general public;

(4) is in compliance with all of the following:

(i) holds a federal employer identification number if required by federal law;

(ii) holds a Minnesota tax identification number if required by Minnesota law;

(iii) has received and retained 1099 forms for income received for building construction or improvement services provided or performed, if required by Minnesota or federal law;

(iv) has filed business or self-employment income tax returns, including estimated tax filings, with the federal Internal Revenue Service and the Department of Revenue, as the business entity or as a self-employed individual reporting income earned, for providing or performing building construction or improvement services, if any, in the previous 12 months; and

(v) has completed and provided a W-9 federal income tax form to the person for whom the services were provided or performed if required by federal law;

(5) is in good standing as defined by section 5.26 and, if applicable, has a current certificate of good standing issued by the secretary of state pursuant to section 5.12;

(6) has a Minnesota unemployment insurance account if required by chapter 268;

(7) has obtained required workers' compensation insurance coverage if required by chapter 176;

(8) holds current business licenses, registrations, and certifications if required by chapter 326B and sections 327.31 to 327.36;

(9) is operating under a written contract to provide or perform the specific services for the person that:

(i) is signed and dated by both an authorized representative of the business entity and of the person for whom the services are being provided or performed;

(ii) is fully executed no later than 30 days after the date work commences;

(iii) identifies the specific services to be provided or performed under the contract;

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

(v) the requirements of item (ii) shall not apply to change orders;

(10) submits invoices and receives payments for completion of the specific services provided or performed under the written proposal, contract, or change order in the name of the business entity. Payments made in cash do not meet this requirement;

(11) the terms of the written proposal, contract, or change order provide the business entity control over the means of providing or performing the specific services, and the business entity in fact controls the provision or performance of the specific services;

(12) incurs the main expenses and costs related to providing or performing the specific services under the written proposal, contract, or change order;

(13) is responsible for the completion of the specific services to be provided or performed under the written proposal, contract, or change order and is responsible, as provided under the written proposal, contract, or change order, for failure to complete the specific services; and

(14) may realize additional profit or suffer a loss, if costs and expenses to provide or perform the specific services under the written proposal, contract, or change order are less than or greater than the compensation provided under the written proposal, contract, or change order.

(b)(1) Any individual providing or performing the services as or for a business entity is an employee of the person who engaged the business entity and is not an employee of the business entity, unless the business entity meets all of the requirements under subdivision 4, paragraph (a).

(2) Any individual who is determined to be the person's employee is acting as an agent of and in the interest of the person when engaging any other individual or business entity to provide or perform any portion of the services that the business entity was engaged by the person to provide or perform.

(3) Any individual engaged by an employee of the person, at any tier under the person, is also the person's employee, unless the individual is providing or performing the services as or for a business entity that meets the requirements of subdivision 4, paragraph (a).

(4) Clauses (1) to (3) do not create an employee-employer relationship between a person and an employee at any tier under the person if there is an intervening business entity in the contractual chain that meets the requirements of subdivision 4, paragraph (a).

Subd. 7. **Prohibited activities related to independent contractor status.** (a) The prohibited activities in ~~this subdivision~~ paragraphs (b) and (c) are in addition to ~~those~~ the activities prohibited in sections 326B.081 to 326B.085.

(b) An individual providing or performing building construction or improvement services shall not ~~hold himself or herself out~~ represent themselves as an independent contractor unless the individual is operating as a business entity that meets all the requirements of subdivision 4, paragraph (a).

(c) A person who provides or performs building construction or improvement services in the course of the person's trade, business, occupation, or profession shall not:

(1) as a condition of payment for services provided or performed, require an individual through coercion, misrepresentation, or fraudulent means, who is an employee pursuant to this section, to register as a construction contractor under section 326B.701, or to adopt or agree to being classified, represented, or treated as an independent contractor status or form a business entity. Each instance of conditioning payment to an individual who is an employee on one of these conditions shall constitute a separate violation of this provision;

(2) knowingly misrepresent or misclassify an individual as an independent contractor. fail to classify, represent, or treat an individual who is an employee pursuant to this section as an employee in accordance with the requirements of any of the chapters listed in subdivision 3. Failure to classify, represent, or treat an individual who is an employee pursuant to this section as an employee in accordance with each requirement of a chapter listed in subdivision 3 shall constitute a separate violation of this provision;

(3) fail to report or disclose to any person or to any local, state, or federal government agency an individual who is an employee pursuant to subdivision 3, as an employee when required to do so under any applicable local, state, or federal law. Each failure to report or disclose an individual as an employee shall constitute a separate violation of this provision;

(4) require or request an individual who is an employee pursuant to this section to enter into any agreement or complete any document that misclassifies, misrepresents, or treats the individual as an independent contractor or otherwise does not reflect that the individual is an employee pursuant to this section. Each agreement or completed document shall constitute a separate violation of this provision; or

(5) require an individual who is an employee under this section to register under section 326B.701.

(d) In addition to the person providing or performing building construction or improvement services in the course of the person's trade, business, occupation, or profession, any owner, partner, principal, member, officer, or agent who engaged in any of the prohibited activities in this subdivision may be held individually liable.

(e) An order issued by the commissioner to a person for engaging in any of the prohibited activities in this subdivision is in effect against any successor person. A person is a successor person if the person shares three or more of the following with the person to whom the order was issued:

(1) has one or more of the same owners, members, principals, officers, or managers;

(2) performs similar work within the state of Minnesota;

(3) has one or more of the same telephone or fax numbers;

(4) has one or more of the same email addresses or websites;

(5) employs or engages substantially the same individuals to provide or perform building construction or improvement services;

(6) utilizes substantially the same vehicles, facilities, or equipment; or

(7) lists or advertises substantially the same project experience and portfolio of work.

(f) If a person who has engaged an individual to provide or perform building construction or improvement services that are in the course of the person's trade, business, profession, or occupation, classifies, represents, treats, reports, or discloses the individual as an independent contractor, the person shall maintain, for at least three years, and in a manner that may be readily produced to the commissioner upon demand, all the information and documentation upon which the person based the determination that the individual met all the requirements under subdivision 4, paragraph (a), at the time the individual was engaged and at the time the services were provided or performed.

(g) The following damages and penalties may be imposed for a violation of this section:

(1) compensatory damages to the individual the person failed to classify, represent, or treat as an employee pursuant to this section. Compensatory damages include but are not limited to the value of supplemental pay including minimum wage; overtime; shift differentials; vacation pay; sick pay; and other forms of paid time off; health insurance; life and disability insurance; retirement plans; saving plans and any other form of benefit; employer contributions to unemployment insurance; Social Security and Medicare and any costs and expenses incurred by the individual resulting from the person's failure to classify, represent, or treat the individual as an employee;

(2) a penalty of up to \$10,000 for each individual the person failed to classify, represent, or treat as an employee pursuant to this section;

(3) a penalty of up to \$10,000 for each violation of this subdivision; and

(4) a penalty of \$1,000 for any person who delays, obstructs, or otherwise fails to cooperate with the commissioner's investigation. Each day of delay, obstruction, or failure to cooperate constitutes a separate violation.

(h) This section may be investigated and enforced under the commissioner's authority under state law.

Subd. 13. **Rulemaking.** The commissioner may, in consultation with the commissioner of revenue and the commissioner of employment and economic development, adopt, amend, suspend, and repeal rules under the rulemaking provisions of chapter 14 that relate to the commissioner's responsibilities under this section. ~~This subdivision is effective May 26, 2007.~~

Subd. 15. **Notice and review by commissioners of revenue and employment and economic development.** When the commissioner has reason to believe that a person has violated subdivision 7, ~~paragraph (b); or (c), clause (1) or (2);~~ the commissioner must notify the commissioner of revenue and the commissioner of employment and economic development. Upon receipt of notification from the commissioner, the commissioner of revenue must review the information returns required under section 6041A of the Internal Revenue Code. The commissioner of revenue shall also review the submitted certification that is applicable to returns audited or investigated under section 289A.35.

EFFECTIVE DATE. This section is effective August 1, 2024, except that the amendments to subdivision 4 are effective for contracts entered into on or after that date and for all building construction or improvement services provided or performed on or after January 1, 2025.

Sec. 9. **[181.724] INTERGOVERNMENTAL MISCLASSIFICATION ENFORCEMENT AND EDUCATION PARTNERSHIP ACT.**

Subdivision 1. Citation. This section and section 181.725 may be cited as the "Intergovernmental Misclassification Enforcement and Education Partnership Act."

Subd. 2. Policy and statement of purpose. It is the policy of the state of Minnesota to prevent employers from misclassifying workers, because employee misclassification allows an employer to illegally evade obligations under state labor, employment, and tax laws, including but not limited to the laws governing minimum wage, overtime, unemployment insurance, paid family medical leave, earned sick and safe time, workers' compensation insurance, temporary disability insurance, the payment of wages, and payroll taxes.

Subd. 3. Definitions. (a) For the purposes of this section and section 181.725, the following terms have the meanings given, unless the language or context clearly indicates that a different meaning is intended.

(b) "Partnership entity" means one of the following governmental entities with jurisdiction over employee misclassification in Minnesota:

(1) the Department of Labor and Industry;

(2) the Department of Revenue;

(3) the Department of Employment and Economic Development;

(4) the Department of Commerce; and

(5) the attorney general in the attorney general's enforcement capacity under sections 177.45 and 181.1721.

(c) "Employee misclassification" means the practice by an employer of not properly classifying workers as employees.

Subd. 4. Coordination, collaboration, and information sharing. For purposes of this section, a partnership entity:

(1) shall communicate with other entities to help detect and investigate instances of employee misclassification;

(2) may request from, provide to, or receive from the other partnership entities data necessary for the purpose of detecting and investigating employee misclassification, unless prohibited by federal law; and

(3) may collaborate with one another when investigating employee misclassification, unless prohibited by federal law. Collaboration includes but is not limited to referrals, strategic enforcement, and joint investigations by two or more partnership entities.

Sec. 10. **[181.725] INTERGOVERNMENTAL MISCLASSIFICATION ENFORCEMENT AND EDUCATION PARTNERSHIP.**

Subdivision 1. Composition. The Intergovernmental Misclassification Enforcement and Education Partnership is composed of the following members or their designees, who shall serve on behalf of their respective partnership entities:

(1) the commissioner of labor and industry;

- (2) the commissioner of revenue;
- (3) the commissioner of employment and economic development;
- (4) the commissioner of commerce; and
- (5) the attorney general.

Subd. 2. **Meetings.** The commissioner of labor and industry, in consultation with other members of the partnership, shall convene and lead meetings of the partnership to discuss issues related to the investigation of employee misclassification and public outreach. Members of the partnership may select a designee to attend any such meeting. Meetings must occur at least quarterly.

Subd. 2a. **Additional meetings.** (a) In addition to regular quarterly meetings under subdivision 2, the commissioner of labor and industry, in consultation with members of the partnership, may convene and lead additional meetings for the purpose of discussing and making recommendations under subdivision 4a.

(b) This subdivision expires July 31, 2025, unless a different expiration date is specified in law.

Subd. 3. **Roles.** Each partnership entity may use the information received through its participation in the partnership to investigate employee misclassification within their relevant jurisdictions as follows:

- (1) the Department of Labor and Industry in its enforcement authority under chapters 176, 177, and 181;
- (2) the Department of Revenue in its enforcement authority under chapters 289A and 290;
- (3) the Department of Employment and Economic Development in its enforcement authority under chapters 268 and 268B;
- (4) the Department of Commerce in its enforcement authority under chapters 45, 60A, 60K, 79, and 79A; and
- (5) the attorney general in the attorney general's enforcement authority under sections 177.45 and 181.1721.

Subd. 4. **Annual presentation to the legislature.** At the request of the chairs, the Intergovernmental Misclassification Enforcement and Education Partnership shall present annually to members of the house of representatives and senate committees with jurisdiction over labor. The presentation shall include information about how the partnership carried out its duties during the preceding calendar year.

Subd. 4a. **First presentation.** (a) By March 1, 2025, the Intergovernmental Misclassification Enforcement and Education Partnership shall make its first presentation to members of the house of representatives and senate committees with jurisdiction over labor. The first presentation may be made in a form and manner determined by the partnership. In addition to providing information about how the partnership carried out its duties in its first year, the presentation shall include the following information and recommendations, including any budget requests to carry out the recommendations:

- (1) consider any staffing recommendations for the partnership and each partnership entity to carry out the duties and responsibilities under this section;
- (2) provide a summary of the industries, areas, and employers with high numbers of misclassification violations and recommendations for proactive review and enforcement efforts;

(3) propose a system for making cross referrals between partnership entities;

(4) identify cross-training needs and a proposed cross-training plan; and

(5) propose a metric or plan for monitoring and assessing:

(i) the number and severity of employee misclassification violations; and

(ii) the adequacy and effectiveness of the partnership's duties related to employee misclassification, including but not limited to the partnership's efforts on education, outreach, detection, investigation, deterrence, and enforcement of employee misclassification.

(b) This subdivision expires July 31, 2025, unless a different expiration date is specified in law.

Subd. 5. **Separation.** The Intergovernmental Misclassification Enforcement and Education Partnership is not a separate agency or board and is not subject to chapter 13D. Data shared or created by the partnership entities under this section or section 181.724 are subject to chapter 13 and hold the data classification prescribed by law.

Subd. 6. **Duties.** The Intergovernmental Misclassification Enforcement and Education Partnership shall:

(1) set goals to maximize Minnesota's efforts to detect, investigate, and deter employee misclassification;

(2) share information to facilitate the detection and investigation of employee misclassification;

(3) develop a process or procedure that provides a person with relevant information and connects them with relevant partnership entities, regardless of which partnership entity that person contacts for assistance;

(4) identify best practices in investigating employee misclassification;

(5) identify resources needed for better enforcement of employee misclassification;

(6) inform and educate stakeholders on rights and responsibilities related to employee misclassification;

(7) serve as a unified point of contact for workers, businesses, and the public impacted by misclassification;

(8) inform the public on enforcement actions taken by the partnership entities; and

(9) perform other duties as necessary to:

(i) increase the effectiveness of detection, investigation, enforcement, and deterrence of employee misclassification; and

(ii) carry out the purposes of the partnership.

Subd. 7. **Public outreach.** (a) The commissioner of labor and industry shall maintain on the department's website information about the Intergovernmental Misclassification Enforcement and Education Partnership, including information about how to file a complaint related to employee misclassification.

(b) Each partnership entity shall maintain on its website information about worker classification laws, including requirements for employers and employees, consequences for misclassifying workers, and contact information for other partnership entities.

Subd. 8. **No limitation of other duties.** This section does not limit the duties or authorities of a partnership entity, or any other government entity, under state law.

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

Sec. 11. Minnesota Statutes 2022, section 270B.14, subdivision 17, is amended to read:

Subd. 17. **Disclosure to Department of Commerce.** (a) The commissioner may disclose to the commissioner of commerce information required to administer the Uniform Disposition of Unclaimed Property Act in sections 345.31 to 345.60, including the Social Security numbers of the taxpayers whose refunds are on the report of abandoned property submitted by the commissioner to the commissioner of commerce under section 345.41. Except for data published under section 345.42, the information received that is private or nonpublic data retains its classification, and can be used by the commissioner of commerce only for the purpose of verifying that the persons claiming the refunds are the owners.

(b) The commissioner may disclose a return or return information to the commissioner of commerce under section 45.0135 to the extent necessary to investigate employer compliance with section 176.181.

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

Sec. 12. Minnesota Statutes 2022, section 270B.14, is amended by adding a subdivision to read:

Subd. 23. **Disclosure to the attorney general.** The commissioner may disclose a return or return information to the attorney general for the purpose of determining whether a business is an employer and to the extent necessary to enforce section 177.45 or 181.1721.

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

Sec. 13. Minnesota Statutes 2022, section 326B.081, subdivision 3, is amended to read:

Subd. 3. **Applicable law.** "Applicable law" means the provisions of sections 181.165, 181.722, 181.723, 325E.66, 327.31 to 327.36, this chapter, and chapter 341, and all rules, orders, stipulation agreements, settlements, compliance agreements, licenses, registrations, certificates, and permits adopted, issued, or enforced by the department under sections 181.165, 181.722, 181.723, 325E.66, 327.31 to 327.36, this chapter, or chapter 341.

Sec. 14. Minnesota Statutes 2022, section 326B.081, subdivision 6, is amended to read:

Subd. 6. **Licensing order.** "Licensing order" means an order issued under section 326B.082, subdivision 12, ~~paragraph (a).~~

Sec. 15. Minnesota Statutes 2022, section 326B.081, subdivision 8, is amended to read:

Subd. 8. **Stop work order.** "Stop work order" means an order issued under section 326B.082, subdivision 10.

Sec. 16. Minnesota Statutes 2022, section 326B.082, subdivision 1, is amended to read:

Subdivision 1. **Remedies available.** The commissioner may enforce all applicable law under this section. The commissioner may use any enforcement provision in this section, including the assessment of monetary penalties, against a person required to have a license, registration, certificate, or permit under the applicable law based on conduct that would provide grounds for action against a licensee, registrant, certificate holder, or permit holder under the applicable law. The use of an enforcement provision in this section shall not preclude the use of any other

enforcement provision in this section or otherwise provided by law. The commissioner's investigation and enforcement authority under this section may be used by the commissioner in addition to or as an alternative to any other investigation and enforcement authority provided by law.

Sec. 17. Minnesota Statutes 2022, section 326B.082, subdivision 2, is amended to read:

Subd. 2. **Access to information and property; subpoenas.** (a) In order to carry out the purposes of the applicable law, the commissioner may:

(1) administer oaths and affirmations, certify official acts, interview, question, take oral or written statements, demand data and information, and take depositions;

(2) request, examine, take possession of, test, sample, measure, photograph, record, and copy any documents, apparatus, devices, equipment, or materials;

(3) at a time and place indicated by the commissioner, request persons to appear before the commissioner to give testimony, provide data and information, and produce documents, apparatus, devices, equipment, or materials;

(4) issue subpoenas to compel persons to ~~appear before the commissioner~~ to give testimony, provide data and information, and to produce documents, apparatus, devices, equipment, or materials; and

(5) with or without notice, enter without delay ~~upon and access all areas of~~ any property, public or private, for the purpose of taking any action authorized under this subdivision or the applicable law, including ~~obtaining to request, examine, take possession of, test, sample, measure, photograph, record, and copy any data, information, remedying documents, apparatus, devices, equipment, or materials; to interview, question, or take oral or written statements; to remedy violations;~~ or conducting to conduct surveys, inspections, or investigations.

(b) Persons requested by the commissioner to give testimony, provide data and information, or produce documents, apparatus, devices, equipment, or materials shall respond within the time and in the manner specified by the commissioner. If no time to respond is specified in the request, then a response shall be submitted within 30 days of the commissioner's service of the request.

(c) Upon the refusal or anticipated refusal of a property owner, lessee, property owner's representative, or lessee's representative to permit the commissioner's entry ~~onto and access to all areas of any~~ property as provided in paragraph (a), the commissioner may apply for an administrative inspection order in the Ramsey County District Court or, at the commissioner's discretion, in the district court in the county in which the property is located. The commissioner may anticipate that a property owner or lessee will refuse entry and access to all areas of a property if the property owner, lessee, property owner's representative, or lessee's representative has refused to permit entry or access to all areas of a property on a prior occasion or has informed the commissioner that entry or access to areas of a property will be refused. Upon showing of administrative probable cause by the commissioner, the district court shall issue an administrative inspection order that compels the property owner or lessee to permit the commissioner to enter and be allowed access to all areas of the property for the purposes specified in paragraph (a).

(d) Upon the application of the commissioner, a district court shall treat the failure of any person to obey a subpoena lawfully issued by the commissioner under this subdivision as a contempt of court.

Sec. 18. Minnesota Statutes 2022, section 326B.082, subdivision 4, is amended to read:

Subd. 4. **Fax or email transmission.** When this section or section 326B.083 permits a request for reconsideration or request for hearing to be served by fax on the commissioner, or when the commissioner instructs that a request for reconsideration or request for hearing be served by email on the commissioner, the fax or email

shall not exceed 15 printed pages in length. The request shall be considered timely served if the fax or email is received by the commissioner, at the fax number or email address identified by the commissioner in the order or notice of violation, no later than 4:30 p.m. central time on the last day permitted for faxing or emailing the request. Where the quality or authenticity of the faxed or emailed request is at issue, the commissioner may require the original request to be filed. Where the commissioner has not identified quality or authenticity of the faxed or emailed request as an issue and the request has been faxed or emailed in accordance with this subdivision, the person faxing or emailing the request does not need to file the original request with the commissioner.

Sec. 19. Minnesota Statutes 2022, section 326B.082, subdivision 6, is amended to read:

Subd. 6. **Notices of violation.** (a) The commissioner may issue a notice of violation to any person who the commissioner determines has committed a violation of the applicable law. The notice of violation must state a summary of the facts that constitute the violation and the applicable law violated. The notice of violation may require the person to correct the violation. If correction is required, the notice of violation must state the deadline by which the violation must be corrected.

(b) In addition to any person, a notice of violation may be issued to any individual identified in section 181.723, subdivision 7, paragraph (d). A notice of violation is effective against any successor person as defined in section 181.723, subdivision 7, paragraph (e).

~~(b)~~ (c) The commissioner shall issue the notice of violation by:

- (1) serving the notice of violation on the property owner or on the person who committed the violation; or
- (2) posting the notice of violation at the location where the violation occurred.

~~(c)~~ (d) If the person to whom the commissioner has issued the notice of violation believes the notice was issued in error, then the person may request reconsideration of the parts of the notice that the person believes are in error. The request for reconsideration must be in writing and must be served on, faxed, or emailed to the commissioner at the address, fax number, or email address specified in the notice of violation by the tenth day after the commissioner issued the notice of violation. The date on which a request for reconsideration is served by mail shall be the postmark date on the envelope in which the request for reconsideration is mailed. If the person does not serve, fax, or email a written request for reconsideration or if the person's written request for reconsideration is not served on or faxed to the commissioner by the tenth day after the commissioner issued the notice of violation, the notice of violation shall become a final order of the commissioner and will not be subject to review by any court or agency. The request for reconsideration must:

- (1) specify which parts of the notice of violation the person believes are in error;
- (2) explain why the person believes the parts are in error; and
- (3) provide documentation to support the request for reconsideration.

The commissioner shall respond in writing to requests for reconsideration made under this paragraph within 15 days after receiving the request. A request for reconsideration does not stay a requirement to correct a violation as set forth in the notice of violation. After reviewing the request for reconsideration, the commissioner may affirm, modify, or rescind the notice of violation. The commissioner's response to a request for reconsideration is final and shall not be reviewed by any court or agency.

Sec. 20. Minnesota Statutes 2022, section 326B.082, subdivision 7, is amended to read:

Subd. 7. **Administrative orders; correction; assessment of monetary penalties.** (a) The commissioner may issue an administrative order to any person who the commissioner determines has committed a violation of the applicable law. The commissioner shall issue the administrative order by serving the administrative order on the person. The administrative order may require the person to correct the violation, may require the person to cease and desist from committing the violation, and may assess monetary damages and penalties. The commissioner shall follow the procedures in section 326B.083 when issuing administrative orders. Except as provided in paragraph (b), the commissioner may issue to each person a monetary penalty of up to \$10,000 for each violation of applicable law committed by the person. The commissioner may order that part or all of the monetary penalty will be forgiven if the person to whom the order is issued demonstrates to the commissioner by the 31st day after the order is issued that the person has corrected the violation or has developed a correction plan acceptable to the commissioner.

(b) The commissioner may issue an administrative order for failure to correct a violation by the deadline stated in a final notice of violation issued under subdivision 6 or a final administrative order issued under paragraph (a). Each day after the deadline during which the violation remains uncorrected is a separate violation for purposes of calculating the maximum monetary penalty amount.

(c) Upon the application of the commissioner, a district court shall find the failure of any person to correct a violation as required by a final notice of violation issued under subdivision 6 or a final administrative order issued by the commissioner under this subdivision as a contempt of court.

(d) In addition to any person, an administrative order may be issued to any individual identified in section 181.723, subdivision 7, paragraph (d). An administrative order shall be effective against any successor person as defined in section 181.723, subdivision 7, paragraph (e).

Sec. 21. Minnesota Statutes 2022, section 326B.082, subdivision 10, is amended to read:

Subd. 10. **Stop work orders.** ~~(a) If the commissioner determines based on an inspection or investigation that a person has violated or is about to violate the applicable law,~~ The commissioner may issue ~~to the person~~ a stop work order requiring ~~the person to cease and desist from committing the violation~~ cessation of all business operations of a person at one or more of the person's workplaces and places of business or across all of the person's workplaces and places of business. A stop work order may be issued to any person who the commissioner has determined, based on an inspection or investigation, has violated the applicable law, has engaged in any of the activities under subdivision 11, paragraph (b), or section 326B.701, subdivision 5, or has failed to comply with a final notice, final administrative order, or final licensing order issued by the commissioner under this section or a final order to comply issued by the commissioner under section 177.27.

(b) The stop work order is effective upon its issuance under paragraph (e). The order remains in effect until the commissioner issues an order lifting the stop work order upon finding that the person has come into compliance with the applicable law, has come into compliance with a final order or notice of violation issued by the commissioner, has ceased and desisted from engaging in any of the activities under subdivision 11, paragraph (b), or section 326B.701, subdivision 5, and has paid in any remedies, damages, penalties, and other monetary sanctions, including wages owed to employees under paragraph (j), to the satisfaction of the commissioner, or if the commissioner or appellate court modifies or vacates the order.

(c) In addition to any person, a stop work order may be issued to any individual identified in section 181.723, subdivision 7, paragraph (d). The stop work order is effective against any successor person as defined in section 181.723, subdivision 7, paragraph (e).

~~(b)~~ (d) If the commissioner determines that a condition exists on real property that ~~violates the applicable law is the basis for issuing a stop work order~~, the commissioner may also issue a stop work order to the owner or lessee of the real property ~~to cease and desist from committing the violation and to correct the condition that is in violation~~.

~~(e)~~ (e) The commissioner shall issue the stop work order by:

- (1) serving the order on the person ~~who has committed or is about to commit the violation~~;
- (2) posting the order at the location where the violation was committed ~~or is about to be committed~~ or at the location where the ~~violating~~ condition exists that is the basis for issuing the stop work order; or
- (3) serving the order on any owner or lessee of the real property where the ~~violating condition exists~~ violations or conditions exist.

~~(d)~~ (f) A stop work order shall:

(1) describe the act, conduct, or practice committed ~~or about to be committed~~, or the condition, and include a reference to the applicable law ~~that the act, conduct, practice, or condition violates or would violate~~, the final order or final notice of violation, the provisions in subdivision 11, paragraph (b); the provisions in section 326B.701, subdivision 5; or liability under section 181.165, as applicable; and

(2) provide notice that any person aggrieved by the stop work order may request a hearing as provided in paragraph ~~(e)~~ (g).

~~(e)~~ (g) Within 30 days after the commissioner issues a stop work order, any person aggrieved by the order may request an expedited hearing to review the commissioner's action. The request for hearing must be made in writing and must be served on, emailed, or faxed to the commissioner at the address, email address, or fax number specified in the order. If the person does not request a hearing or if the person's written request for hearing is not served on, emailed, or faxed to the commissioner on or before the 30th day after the commissioner issued the stop work order, the order will become a final order of the commissioner and will not be subject to review by any court or agency. The date on which a request for hearing is served by mail is the postmark date on the envelope in which the request for hearing is mailed. The hearing request must specifically state the reasons for seeking review of the order. The person who requested the hearing and the commissioner are the parties to the expedited hearing. The hearing shall be commenced within ten days after the commissioner receives the request for hearing. The hearing shall be conducted under Minnesota Rules, parts 1400.8510 to 1400.8612, as modified by this subdivision. The administrative law judge shall issue a report containing findings of fact, conclusions of law, and a recommended order within ten days after the completion of the hearing, the receipt of late-filed exhibits, or the submission of written arguments, whichever is later. Any party aggrieved by the administrative law judge's report shall have five days after the date of the administrative law judge's report to submit written exceptions and argument to the commissioner that the commissioner shall consider and enter in the record. Within 15 days after receiving the administrative law judge's report, the commissioner shall issue an order vacating, modifying, or making permanent the stop work order. The commissioner and the person requesting the hearing may by agreement lengthen any time periods described in this paragraph. The Office of Administrative Hearings may, in consultation with the agency, adopt rules specifically applicable to cases under this subdivision.

~~(f)~~ (h) A stop work order issued under this subdivision ~~shall be~~ is in effect until it is lifted by the commissioner under paragraph (b) or is modified or vacated by the commissioner or an appellate court under paragraph (b). The administrative hearing provided by this subdivision and any appellate judicial review as provided in chapter 14 shall constitute the exclusive remedy for any person aggrieved by a stop order.

(i) The commissioner may assess a civil penalty of \$5,000 per day against a person for each day the person conducts business operations that are in violation of a stop work order issued under this section.

(j) Once a stop work order becomes final, any of the person's employees affected by a stop work order issued pursuant to this subdivision shall be entitled to average daily earnings from the person for up to the first ten days of work lost by the employee because of the issuance of a stop work order. Lifting of a stop work order may be conditioned on payment of wages to employees. The commissioner may issue an order to comply under section 177.27 to obtain payment from persons liable for the payment of wages owed to the employees under this section.

~~(g)~~ (k) Upon the application of the commissioner, a district court shall find the failure of any person to comply with a final stop work order lawfully issued by the commissioner under this subdivision as a contempt of court.

(l) Notwithstanding section 13.39, the data in a stop work order issued under this subdivision are classified as public data after the commissioner has issued the order.

EFFECTIVE DATE. This section is effective August 1, 2024, for contracts entered into on or after that date and for all building and construction or improvement services provided or performed on or after January 1, 2025.

Sec. 22. Minnesota Statutes 2022, section 326B.082, subdivision 11, is amended to read:

Subd. 11. **Licensing orders; grounds; reapplication.** (a) The commissioner may deny an application for a permit, license, registration, or certificate if the applicant does not meet or fails to maintain the minimum qualifications for holding the permit, license, registration, or certificate, or has any unresolved violations ~~or~~ unpaid fees, or monetary damages or penalties related to the activity for which the permit, license, registration, or certificate has been applied for or was issued.

(b) The commissioner may deny, suspend, limit, place conditions on, or revoke a person's permit, license, registration, or certificate, or censure the person holding or acting as qualifying person for the permit, license, registration, or certificate, if the commissioner finds that the person:

(1) committed one or more violations of the applicable law;

(2) committed one or more violations of chapter 176, 177, 181, 181A, 182, 268, 270C, or 363A;

~~(2)~~ (3) submitted false or misleading information to the any state agency in connection with activities for which the permit, license, registration, or certificate was issued, or in connection with the application for the permit, license, registration, or certificate;

~~(3)~~ (4) allowed the alteration or use of the person's own permit, license, registration, or certificate by another person;

~~(4)~~ (5) within the previous five years, was convicted of a crime in connection with activities for which the permit, license, registration, or certificate was issued;

~~(5)~~ (6) violated: (i) a final administrative order issued under subdivision 7, (ii) a final stop work order issued under subdivision 10, (iii) injunctive relief issued under subdivision 9, or (iv) a consent order, order to comply, or other final order ~~of~~ issued by the commissioner or the commissioner of human rights, employment and economic development, or revenue;

~~(6)~~ (7) delayed, obstructed, or otherwise failed to cooperate with a commissioner's investigation, including a request to give testimony, to provide data and information, to produce documents, things, apparatus, devices, equipment, or materials, or to enter and access all areas of any property under subdivision 2;

~~(7)~~ (8) retaliated in any manner against any employee or person who makes a complaint, is questioned by, cooperates with, or provides information to the commissioner or an employee or agent authorized by the commissioner who seeks access to property or things under subdivision 2;

~~(8)~~ (9) engaged in any fraudulent, deceptive, or dishonest act or practice; or

~~(9)~~ (10) performed work in connection with the permit, license, registration, or certificate or conducted the person's affairs in a manner that demonstrates incompetence, untrustworthiness, or financial irresponsibility.

(c) In addition to any person, a licensing order may be issued to any individual identified in section 181.723, subdivision 7, paragraph (d). A licensing order is effective against any successor person as defined in section 181.723, subdivision 7, paragraph (e).

~~(d)~~ (d) If the commissioner revokes or denies a person's permit, license, registration, or certificate under paragraph (b), the person is prohibited from reapplying for the same type of permit, license, registration, or certificate for at least two years after the effective date of the revocation or denial. The commissioner may, as a condition of reapplication, require the person to obtain a bond or comply with additional reasonable conditions the commissioner considers necessary to protect the public, including but not limited to demonstration of current and ongoing compliance with the laws the violation of which were the basis for revoking or denying the person's permit, license, registration, or certificate under paragraph (b) or that the person has ceased and desisted in engaging in activities under paragraph (b) that were the basis for revoking or denying the person's permit, license, registration, or certificate under paragraph (b).

~~(d)~~ (e) If a permit, license, registration, or certificate expires, or is surrendered, withdrawn, or terminated, or otherwise becomes ineffective, the commissioner may institute a proceeding under this subdivision within two years after the permit, license, registration, or certificate was last effective and enter a revocation or suspension order as of the last date on which the permit, license, registration, or certificate was in effect.

Sec. 23. Minnesota Statutes 2022, section 326B.082, subdivision 13, is amended to read:

Subd. 13. **Summary suspension.** In any case where the commissioner has issued an order to revoke, suspend, or deny a license, registration, certificate, or permit under subdivisions 11, paragraph (b), and 12, the commissioner may summarily suspend the person's permit, license, registration, or certificate before the order becomes final. The commissioner shall issue a summary suspension order when the safety of life or property is threatened or to prevent the commission of fraudulent, deceptive, untrustworthy, or dishonest acts against the public, including but not limited to violations of section 181.723, subdivision 7. The summary suspension shall not affect the deadline for submitting a request for hearing under subdivision 12. If the commissioner summarily suspends a person's permit, license, registration, or certificate, a timely request for hearing submitted under subdivision 12 shall also be considered a timely request for hearing on continuation of the summary suspension. If the commissioner summarily suspends a person's permit, license, registration, or certificate under this subdivision and the person submits a timely request for a hearing, then a hearing on continuation of the summary suspension must be held within ten days after the commissioner receives the request for hearing unless the parties agree to a later date.

Sec. 24. Minnesota Statutes 2022, section 326B.082, is amended by adding a subdivision to read:

Subd. 16a. **Additional penalties and damages.** Any person who delays, obstructs, or otherwise fails to cooperate with the commissioner's investigation may be issued a penalty of \$1,000. Each day of delay, obstruction, or failure to cooperate shall constitute a separate violation.

Sec. 25. Minnesota Statutes 2022, section 326B.701, is amended to read:

326B.701 CONSTRUCTION CONTRACTOR REGISTRATION.

Subdivision 1. **Definitions.** The following definitions apply to this section:

(a) "Building construction or improvement services" means public or private sector commercial or residential building construction or improvement services.

(~~b~~) (b) "Business entity" means a person other than an individual or a sole proprietor as that term is defined in paragraph (h), except the term does not include an individual.

(c) "Commissioner" means the commissioner of labor and industry or a duly designated representative of the commissioner who is either an employee of the Department of Labor and Industry or person working under contract with the Department of Labor and Industry.

(d) "Day" means calendar day unless otherwise provided.

(e) "Department" means the Department of Labor and Industry.

(~~b~~) (f) "Document" or "documents" includes papers; books; records; memoranda; data; contracts; drawings; graphs; charts; photographs; digital, video, and audio recordings; records; accounts; files; statements; letters; emails; invoices; bills; notes; and calendars maintained in any form or manner.

(g) "Individual" means a human being.

(h) "Person" means any individual, sole proprietor, limited liability company, limited liability partnership, corporation, partnership, incorporated or unincorporated association, joint stock company, or any other legal or commercial entity.

Subd. 2. **Applicability; registration requirement.** ~~(a) Persons who perform public or private sector commercial or residential building construction or improvement services as described in subdivision 2 must register with the commissioner as provided in this section. The purpose of registration is to assist the Department of Labor and Industry, the Department of Employment and Economic Development, and the Department of Revenue to enforce laws related to misclassification of employees.~~

~~(~~b~~) (a)~~ Except as provided in paragraph ~~(~~e~~) (b)~~, any person who provides or performs building construction or improvement services in the state on or after September 15, 2012, of Minnesota must register with the commissioner as provided in this section before providing or performing building construction or improvement services for another person. The requirements for registration under this section are not a substitute for, and do not relieve a person from complying with, any other law requiring that the person be licensed, registered, or certified.

(e) ~~(b)~~ The registration requirements in this section do not apply to:

(1) a person who, at the time the person is providing or performing the building construction or improvement services, holds a current license, certificate, or registration under chapter 299M or 326B;

~~(2) a person who holds a current independent contractor exemption certificate issued under this section that is in effect on September 15, 2012, except that the person must register under this section no later than the date the exemption certificate expires, is revoked, or is canceled;~~

~~(3)~~ (2) a person who has given a bond to the state under section 326B.197 or 326B.46;

~~(4)~~ (3) an employee of the person providing or performing the building construction or improvement services, if the person was in compliance with laws related to employment of the individual at the time the construction services were performed;

~~(5)~~ (4) an architect or professional engineer engaging in professional practice as defined in section 326.02, subdivisions 2 and 3;

~~(6)~~ (5) a school district or technical college governed under chapter 136F;

~~(7)~~ (6) a person providing or performing building construction or improvement services on a volunteer basis, including but not limited to Habitat for Humanity and Builders Outreach Foundation, and their individual volunteers when engaged in activities on their behalf; or

~~(8)~~ (7) a person exempt from licensing under section 326B.805, subdivision 6, clause ~~(5)~~ (4).

Subd. 3. **Registration application.** (a) Persons required to register under this section must submit electronically, in the manner prescribed by the commissioner, a complete application according to ~~paragraphs (b) to (d)~~ this subdivision.

(b) A complete application must include all of the following information and documentation about ~~any individual who is registering as an individual or a sole proprietor, or who owns 25 percent or more of a business entity being registered~~ the person who is applying for a registration:

(1) the ~~individual's full~~ person's legal name ~~and title at the applicant's business~~;

(2) the person's assumed names filed with the secretary of state, if applicable;

~~(2)~~ (3) the ~~individual's business address and~~ person's telephone number;

~~(3) the percentage of the applicant's business owned by the individual; and~~

~~(4) the individual's Social Security number.~~

~~(e) A complete application must also include the following information:~~

~~(1) the applicant's legal name; assumed name filed with the secretary of state, if any; designated business address; physical address; telephone number; and email address;~~

~~(2) the applicant's Minnesota tax identification number, if one is required or has been issued;~~

- ~~(3) the applicant's federal employer identification number, if one is required or has been issued;~~
- ~~(4) evidence of the active status of the applicant's business filings with the secretary of state, if one is required or has been issued;~~
- ~~(5) whether the applicant has any employees at the time the application is filed;~~
- ~~(6) the names of all other persons with an ownership interest in the business entity who are not identified in paragraph (b), and the percentage of the interest owned by each person, except that the names of shareholders with less than ten percent ownership in a publicly traded corporation need not be provided;~~
- ~~(7) information documenting compliance with workers' compensation and unemployment insurance laws;~~
- (4) the person's email address;
- (5) the person's business address;
- (6) the person's physical address, if different from the business address;
- (7) the legal name, telephone number, and email address of the person's registered agent, if applicable, and the registered agent's business address and physical address, if different from the business address;
- (8) the jurisdiction in which the person is organized, if that jurisdiction is not in Minnesota, as applicable;
- (9) the legal name of the person in the jurisdiction in which it is organized, if the legal name is different than the legal name provided in clause (1), as applicable;
- (10) all of the following identification numbers, if all of these identification numbers have been issued to the person. A complete application must include at least one of the following identification numbers:
- (i) the person's Social Security number;
- (ii) the person's Minnesota tax identification number; or
- (iii) the person's federal employer identification number;
- (11) evidence of the active status of the person's business filings with the secretary of state, if applicable;
- (12) whether the person has any employees at the time the application is filed, and if so, how many employees the person employs;
- (13) the legal names of all persons with an ownership interest in the business entity, if applicable, and the percentage of the interest owned by each person, except that the names of shareholders with less than ten percent ownership in a publicly traded corporation need not be provided;
- (14) information documenting the person's compliance with workers' compensation and unemployment insurance laws for the person's employees, if applicable;
- (15) whether the person or any persons with an ownership interest in the business entity as disclosed under clause (13) have been issued a notice of violation, administrative order, licensing order, or order to comply by the Department of Labor and Industry in the last ten years;

~~(8)~~ (16) a certification that the person individual signing the application has: reviewed it; ~~determined~~ asserts that the information and documentation provided is true and accurate; and ~~determined~~ that the person signing individual is authorized to sign and file the application as an agent or authorized representative of the applicant person. The name of the person individual signing, entered on an electronic application, shall constitute a valid signature of the agent or authorized representative on behalf of the applicant person; and

~~(9)~~ (17) a signed authorization for the Department of Labor and Industry to verify the information and documentation provided on or with the application.

~~(d)~~ (c) A registered person must notify the commissioner within 15 days after there is a change in any of the information on the application as approved. This notification must be provided electronically in the manner prescribed by the commissioner. However, if the business entity structure or legal form of the business entity has changed, the person must submit a new registration application and registration fee, if any, for the new business entity.

~~(e)~~ The registered ~~(d)~~ A person must ~~remain registered~~ maintain a current and up-to-date registration while providing or performing building construction or improvement services for another person. The provisions of sections 326B.091, 326B.094, 326B.095, and 326B.097 apply to this section. ~~A person with an expired registration shall not provide construction services for another person if registration is required under this section.~~ Registration application and expiration time frames are as follows:

~~(1)~~ all registrations issued on or before December 31, 2015, expire on December 31, 2015;

~~(2)~~ (1) all registrations issued after December 31, 2015, expire on the following December 31 of each odd-numbered year; and

~~(3)~~ (2) a person may submit a ~~registration or~~ renewal application starting October 1 of the year the registration expires. If a renewal application is submitted later than December 1 of the expiration year, the registration may expire before the department has issued or denied the registration renewal.

Subd. 4. **Website.** (a) The commissioner shall develop and maintain a website on which ~~applicants for registration persons~~ can submit a registration or renewal application. The website shall be designed to receive and process ~~registration~~ applications and promptly issue registration certificates electronically to successful applicants.

(b) The commissioner shall maintain ~~the certificates of registration on the department's official public website, which shall include~~ the following information on the department's official public website:

(1) the registered person's legal ~~business~~ name, including any assumed name, ~~as~~ filed with the secretary of state;

(2) the legal names of the persons with an ownership interest in the business entity;

~~(2)~~ (3) the registered person's business address ~~designated~~ and physical address, if different from the business address, provided on the application; and

~~(3)~~ (4) the effective date of the registration and the expiration date.

Subd. 5. **Prohibited activities related to registration.** (a) The prohibited activities in this subdivision are in addition to those prohibited in ~~sections 326B.081 to 326B.085~~ section 326B.082, subdivision 11.

(b) A person who provides or performs building construction or improvement services ~~in the course of the person's trade, business, occupation, or profession~~ shall not:

(1) ~~contract with~~ provide or perform building construction or improvement services for another person without ~~first being registered,~~ if required by to be registered under this section;

(2) require an individual who is the person's employee to register; or

~~(2) contract with or pay (3) engage~~ another person to provide or perform building construction or improvement services if the other person is required to be registered under this section and is not registered if required by subdivision 2. All payments to an unregistered person for construction services on a single project site shall be considered a single violation. It is not a violation of this clause:

(i) for a person to ~~contract with or pay~~ have engaged an unregistered person if the unregistered person ~~was registered at the time the contract for construction services was entered into~~ held a current registration on the date they began providing or performing the building construction or improvement services; or

(ii) for a homeowner or business to ~~contract with or pay~~ engage an unregistered person if the homeowner or business is not in the trade, business, profession, or occupation of performing building construction or improvement services; ~~or.~~

~~(3) be penalized for violations of this subdivision that are committed by another person. This clause applies only to violations of this paragraph.~~

(c) Each day a person who is required to be registered provides or performs building construction or improvement services while unregistered shall be considered a separate violation.

Subd. 6. **Investigation and enforcement; remedies; and penalties.** ~~(a) Notwithstanding the maximum penalty amount in section 326B.082, subdivisions 7 and 12, the maximum penalty for failure to register is \$2,000, but the commissioner shall forgive the penalty if the person registers within 30 days of the date of the penalty order.~~

~~(b) The penalty for contracting with or paying an unregistered person to perform construction services in violation of subdivision 5, paragraph (b), clause (2), shall be as provided in section 326B.082, subdivisions 7 and 12, but the commissioner shall forgive the penalty for the first violation.~~

The commissioner may investigate and enforce this section under the authority in chapters 177 and 326B.

Subd. 7. **Notice requirement.** ~~Notice of a penalty order for failure to register must include a statement that the penalty shall be forgiven if the person registers within 30 days of the date of the penalty order.~~

Subd. 8. **Data classified.** Data in applications and any required documentation submitted to the commissioner under this section are private data on individuals or nonpublic data as defined in section 13.02. ~~Data in registration certificates issued by the commissioner are public data; except that for the registration information published on the department's website may be accessed for registration verification purposes only.~~ Data that document a suspension, revocation, or cancellation of a certificate registration are public data. Upon request of Notwithstanding its classification as private data on individuals or nonpublic data, data in applications and any required documentation submitted to the commissioner under this section may be used by the commissioner to investigate and take enforcement action related to laws for which the commissioner has enforcement responsibility and the commissioner may share data and documentation with the Department of Revenue, the Department of Commerce, the Department of Human Rights, or the Department of Employment and Economic Development. The commissioner may release to the ~~requesting department~~ departments data classified as private or nonpublic under this subdivision or investigative data that are not public under section 13.39 that relate to ~~the issuance or denial of applications or revocations of certificates~~ prohibited activities under this section and section 181.723.

ARTICLE 10
MINORS APPEARING IN INTERNET CONTENT

Section 1. Minnesota Statutes 2022, section 181A.03, is amended by adding a subdivision to read:

Subd. 5a. **Online platform.** "Online platform" means any public-facing website, web application, or digital application, including a mobile application. Online platform includes a social network, advertising network, mobile operating system, search engine, email service, monetization platform to sell digital services, streaming service, paid subscription, or Internet access service.

Sec. 2. Minnesota Statutes 2022, section 181A.03, is amended by adding a subdivision to read:

Subd. 7a. **Content creation.** "Content creation" means content shared on an online platform in exchange for compensation.

Sec. 3. Minnesota Statutes 2022, section 181A.03, is amended by adding a subdivision to read:

Subd. 7b. **Content creator.** "Content creator" means an individual or individuals 18 years of age or older, including family members, who create video content performed in Minnesota in exchange for compensation, and includes any proprietorship, partnership, company, or other corporate entity assuming the name or identity of a particular individual or individuals, or family members, for the purposes of that content creator. Content creator does not include a person under the age of 18 who produces their own video content.

Sec. 4. **[181A.13] COMPENSATION FOR INTERNET CONTENT CREATION.**

Subdivision 1. **Minors featured in content creation.** (a) Except as otherwise provided in this section, a minor is considered engaged in the work of content creation when the following criteria are met at any time during the previous 12-month period:

(1) at least 30 percent of the content creator's compensated video content produced within a 30-day period included the likeness, name, or photograph of any minor. Content percentage is measured by the percentage of time the likeness, name, or photograph of a minor or if more than one minor regularly appears in the creator's content, any of the minors, visually appears or is the subject of an oral narrative in a video segment as compared to the total length of the segment; and

(2) the number of views received per video segment on any online platform met the online platform's threshold for generating compensation or the content creator received actual compensation for video content equal to or greater than \$0.01 per view.

(b) A minor under the age of 14 is prohibited from engaging in the work of content creation as provided in paragraph (a). If a minor under the age of 14 is featured by a content creator, the minor shall receive 100 percent of the proceeds of the creator's compensation for the content they have appeared in, less any amount owed to another minor.

(c) A minor who is at least age 14 but under the age of 18 may produce, create, and publish their own content and is entitled to all compensation for their own content creation. A minor engaged in the work of content creation as the producer, creator, and publisher of content must also follow the requirements in paragraph (b).

(d) A minor who appears incidentally in a video that depicts a public event that a reasonable person would know to be broadcast, including a concert, competition, or sporting event, and is published by a content creator is not considered a violation of this section.

Subd. 2. **Records required.** (a) All video content creators whose content features a minor engaged in the work of content creation shall maintain the following records and retain the records until the minor reaches the age of 21:

(1) the name and documentary proof of the age of the minor engaged in the work of content creation;

(2) the amount of content creation that generated compensation as described in subdivision 1 during the reporting period;

(3) the total number of minutes of content creation for which the content creator received compensation during the reporting period;

(4) the total number of minutes a minor was featured in content creation during the reporting period;

(5) the total compensation generated from content creation featuring a minor during the reporting period; and

(6) the amount deposited into the trust account for the benefit of the minor engaged in the work of content creation as required by subdivision 3.

(b) The records required by this subdivision must be readily accessible to the minor for review. The content creator shall provide notice to the minor of the existence of the records.

Subd. 3. **Trust required.** (a) A minor who is engaged in the work of content creation consistent with this section must be compensated by the content creator. The content creator must set aside gross earnings on the video content that includes the likeness, name, or photograph of the minor in a trust account to be preserved for the benefit of the minor until the minor reaches the age of majority, according to the following distribution:

(1) if only one minor meets the content threshold described in subdivision 1, the percentage of total gross earnings on any video segment, including the likeness, name, or photograph of the minor that is equal to or greater than half of the content percentage that includes the minor as described in subdivision 1; or

(2) if more than one minor meets the content threshold described in subdivision 1 and a video segment includes more than one of those minors, the percentage described in clause (1) for all minors in any segment must be equally divided between the minors regardless of differences in percentage of content provided by the individual minors.

(b) A trust account required under this section must, at a minimum, provide that:

(1) the money in the account is available only to the minor engaged in the work of content creation;

(2) the account is held by a bank, corporate fiduciary, or trust company, as those terms are defined in chapter 48A;

(3) the money in the account becomes available to the minor engaged in the work of content creation upon the minor attaining the age of 18 years or upon a declaration that the minor is emancipated; and

(4) that the account meets the requirements of chapter 527, the Uniform Transfers to Minors Act.

(c) If a content creator knowingly or recklessly violates this section, a minor satisfying the criteria described in subdivision 1 may commence a civil action to enforce the provisions of this section regarding the trust account. In any action brought in accordance with this section, the court may award the following damages:

(1) actual damages including any compensation owed under this section;

(2) punitive damages; and

(3) the costs of the action, including attorney fees and litigation costs.

(d) This section does not affect a right or remedy available under any other law of the state.

(e) Nothing in this section shall be interpreted to have any effect on a party that is neither the content creator nor the minor who engaged in the work of content creation.

Subd. 4. Civil cause of action; violations. (a) Along with the civil action provided in subdivision 3, paragraph (c), the minor may commence a civil action against the content creator for damages, injunctive relief, and any other relief the court finds just and equitable to enforce this section.

(b) The attorney general may enforce subdivision 1, pursuant to section 8.31, and may recover costs and fees.

Subd. 5. Content removal. Content containing the likeness of a child must be deleted and removed from any online platform by the individual who posted the content, the account owner, or another person who has control over the account when the request is made by a minor age 13 or older whose likeness appears in the content, or by an adult who was under the age of 18 when their likeness was used in the content.

EFFECTIVE DATE. This section is effective July 1, 2025."

Delete the title and insert:

"A bill for an act relating to labor and industry; making supplemental appropriation changes to labor provisions; modifying combative sports regulations, construction codes and licensing, Bureau of Mediation provisions, public employee labor relations provisions, University of Minnesota collective bargaining units, miscellaneous labor provisions, broadband and pipeline safety, employee misclassification, and minors appearing in internet content; authorizing rulemaking; appropriating money; amending Minnesota Statutes 2022, sections 116J.395, subdivision 6; 177.27, subdivision 3; 179A.11, subdivisions 1, 2, by adding a subdivision; 179A.12, subdivision 5; 181.171, subdivision 1; 181.722; 181.723; 181.960, subdivision 3; 181A.03, by adding subdivisions; 216B.17, by adding a subdivision; 270B.14, subdivision 17, by adding a subdivision; 299J.01; 299J.02, by adding a subdivision; 299J.04, subdivision 2; 299J.11; 326B.081, subdivisions 3, 6, 8; 326B.082, subdivisions 1, 2, 4, 6, 7, 10, 11, 13, by adding a subdivision; 326B.701; 326B.802, subdivision 13; 326B.89, subdivisions 1, 5; 341.28, by adding a subdivision; 341.29; 626.892, subdivision 10; Minnesota Statutes 2023 Supplement, sections 116J.871, subdivision 1, as amended; 177.27, subdivisions 1, 2, 4, 7; 177.42, subdivision 2; 179A.03, subdivision 14; 179A.041, subdivision 10; 179A.06, subdivision 6; 179A.07, subdivisions 8, 9; 179A.10, subdivision 2; 179A.12, subdivisions 2a, 6, 11; 326B.106, subdivision 1; 326B.802, subdivision 15; 341.25; 341.28, subdivision 5; 341.30, subdivision 4; 341.321; 341.33, by adding a subdivision; 341.355; Laws 2023, chapter 53, article 19, sections 2, subdivisions 1, 3, 5; 4; proposing coding for new law in Minnesota Statutes, chapters 116J; 181; 181A; repealing Minnesota Statutes 2022, sections 116J.398; 179.81; 179.82; 179.83, subdivision 1; 179.84, subdivision 1; 179.85; Minnesota Rules, parts 5520.0100; 5520.0110; 5520.0120; 5520.0200; 5520.0250; 5520.0300; 5520.0500; 5520.0520; 5520.0540; 5520.0560; 5520.0600; 5520.0620; 5520.0700; 5520.0710; 5520.0800."

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

The report was adopted.

Gomez from the Committee on Taxes to which was referred:

H. F. No. 5237, A bill for an act relating to education; providing for supplemental funding for prekindergarten through grade 12 education; modifying provisions for general education, education excellence, the Read Act, American Indian education, teachers, charter schools, special education, school facilities, school nutrition and libraries, early childhood education, and state agencies; requiring reports; appropriating money; amending Minnesota Statutes 2022, sections 120A.41; 122A.415, by adding a subdivision; 122A.73, subdivision 4; 124D.093, subdivisions 3, 4, 5; 124D.19, subdivision 8; 124D.957, subdivision 1; 124E.22; 126C.05, subdivision 15; 126C.10, subdivision 13a; 127A.45, subdivisions 12, 13, 14a; 127A.51; Minnesota Statutes 2023 Supplement, sections 120B.018, subdivision 6; 120B.021, subdivisions 1, 2, 3, 4; 120B.024, subdivision 1; 120B.1117; 120B.1118, subdivisions 7, 10, by adding a subdivision; 120B.12, subdivisions 1, 2, 2a, 3, 4, 4a; 120B.123, subdivisions 1, 2, 5, 7, by adding a subdivision; 120B.124, subdivisions 1, 2, by adding a subdivision; 121A.642; 122A.415, subdivision 4; 122A.73, subdivisions 2, 3; 122A.77, subdivisions 1, 2; 123B.92, subdivision 11; 124D.111, subdivision 3; 124D.151, subdivision 6; 124D.42, subdivision 8; 124D.65, subdivision 5; 124D.81, subdivision 2b; 124D.901, subdivision 3; 124D.98, subdivision 5; 124D.995, subdivision 3; 124E.13, subdivision 1; 126C.10, subdivisions 2e, 3, 3c, 13, 18a; 256B.0625, subdivision 26; 256B.0671, by adding a subdivision; Laws 2023, chapter 18, section 4, subdivisions 2, as amended, 3, as amended; Laws 2023, chapter 54, section 20, subdivisions 6, 24; Laws 2023, chapter 55, article 1, section 36, subdivisions 2, as amended, 8; article 2, section 64, subdivisions 2, as amended, 6, as amended, 14, 16, 31, 33; article 3, section 11, subdivisions 3, 4; article 5, sections 64, subdivisions 3, as amended, 5, 10, 12, 13, 15, 16; 65, subdivisions 3, 6, 7; article 7, section 18, subdivision 4, as amended; article 8, section 19, subdivisions 5, 6, as amended; proposing coding for new law in Minnesota Statutes, chapters 120B; 123B; repealing Laws 2023, chapter 55, article 10, section 4.

Reported the same back with the recommendation that the bill be re-referred to the Committee on Ways and Means.

The report was adopted.

Hornstein from the Committee on Transportation Finance and Policy to which was referred:

H. F. No. 5242, A bill for an act relating to transportation; authorizing a Tribal worksite training program; establishing a transportation facilities capital program; authorizing collection of passenger rail user fees and revenue; modifying previous appropriations; appropriating money for driver's license testing; amending Minnesota Statutes 2022, section 174.02, by adding a subdivision; Minnesota Statutes 2023 Supplement, section 174.634, subdivision 2, by adding a subdivision; Laws 2021, First Special Session chapter 5, article 2, section 3; Laws 2023, chapter 68, article 2, sections 2, subdivisions 3, 4, 5, 7, 9; 3; proposing coding for new law in Minnesota Statutes, chapter 174.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
TRANSPORTATION APPROPRIATIONS

Section 1. **TRANSPORTATION APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to the appropriations in Laws 2023, chapter 68, article 1, to the agencies and for the purposes specified in this article. The appropriations are from the trunk highway fund, or another named fund, and are available for the fiscal years indicated for each purpose. Amounts for

"Total Appropriation" and sums shown in the corresponding columns marked "Appropriations by Fund" are summary only and do not have legal effect. Unless specified otherwise, the amounts in fiscal year 2025 under "Appropriations by Fund" are added to the base within the meaning of Minnesota Statutes, section 16A.11, subdivision 3, by fund. The figures "2024" and "2025" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2024, or June 30, 2025, respectively. "Each year" is each of fiscal years 2024 and 2025.

			<u>APPROPRIATIONS</u>	
			<u>Available for the Year</u>	
			<u>Ending June 30</u>	
			<u>2024</u>	<u>2025</u>
Sec. 2. <u>DEPARTMENT OF TRANSPORTATION</u>				
Subdivision 1. <u>Total Appropriation</u>			<u>\$-0-</u>	<u>\$91,500,000</u>
<u>Appropriations by Fund</u>				
	<u>2024</u>	<u>2025</u>		
<u>General</u>	<u>-0-</u>	<u>9,000,000</u>		
<u>Trunk Highway</u>	<u>-0-</u>	<u>78,750,000</u>		
<u>Special Revenue</u>	<u>-0-</u>	<u>3,750,000</u>		
<u>The appropriations in this section are to the commissioner of transportation.</u>				
<u>The amounts that may be spent for each purpose are specified in the following subdivisions.</u>				
Subd. 2. <u>State Roads</u>				
(a) <u>Operations and Maintenance</u>			<u>-0-</u>	<u>1,300,000</u>
<u>\$300,000 in fiscal year 2025 is for rumble strips under Minnesota Statutes, section 161.1258.</u>				
<u>\$1,000,000 in fiscal year 2025 is for landscaping improvements under the Department of Transportation's community roadside landscape partnership program, with prioritization of tree planting as feasible.</u>				
(b) <u>Program Planning and Research</u>			<u>-0-</u>	<u>3,800,000</u>
<u>\$3,000,000 in fiscal year 2025 is for implementation and development of statewide and regional travel demand modeling related to the requirements under Minnesota Statutes, section 161.178. This is a onetime appropriation and is available until June 30, 2026.</u>				

\$800,000 in fiscal year 2025 is for one or more grants to metropolitan planning organizations outside the metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2, for modeling activities related to the requirements under Minnesota Statutes, section 161.178. This is a onetime appropriation.

Subd. 3. Small Cities

-0-

9,000,000

\$9,000,000 in fiscal year 2025 is from the general fund for the small cities assistance program under Minnesota Statutes, section 162.145. This appropriation must be allocated and distributed in the July 2024 payment. This is a onetime appropriation.

Subd. 4. Trunk Highway 65

-0-

1,000,000

\$1,000,000 in fiscal year 2025 is from the trunk highway fund for one or more grants to the city of Blaine, Anoka County, or both, for predesign and design of intersection safety improvements along marked Trunk Highway 65 from the interchange with marked U.S. Highway 10 to 99th Avenue Northeast in the city of Blaine. This is a onetime appropriation.

Subd. 5. Mississippi Skyway Trail Bridge

-0-

3,750,000

Notwithstanding the requirements under Minnesota Statutes, section 174.38, subdivision 3, paragraph (a), this appropriation is from the active transportation account in the special revenue fund for a grant to the city of Ramsey for design, environmental analysis, site preparation, and construction of the Mississippi Skyway Trail Bridge over marked U.S. Highways 10 and 169 in Ramsey to provide for a grade-separated crossing by pedestrians and nonmotorized vehicles. This is a onetime appropriation.

Subd. 6. High-Priority Bridge

-0-

40,000,000

This appropriation is for the acquisition, environmental analysis, predesign, design, engineering, construction, reconstruction, and improvement of trunk highway bridges, including design-build contracts, program delivery, consultant usage to support these activities, and the cost of payments to landowners for lands acquired for highway rights-of-way. Projects under this appropriation must follow eligible investment priorities identified in the Minnesota state highway investment plan under Minnesota Statutes, section 174.03, subdivision 1c. The commissioner may use up to 17 percent of this appropriation for program delivery. This is a onetime appropriation.

Subd. 7. Drainage Asset Management Program

-0-

4,800,000

This appropriation is for predesign, design, construction, and equipping of one or more drainage asset management projects. Drainage asset management projects may include but are not

limited to repairing and replacing highway culverts, storm sewer system rehabilitations, and flood resiliency improvements. The commissioner may use up to 17 percent of this appropriation for program delivery. This is a onetime appropriation.

Subd. 8. Truck Parking Safety Improvements

-0-

7,750,000

This appropriation is for land acquisition, predesign, design, and construction of expanded truck parking at Big Spunk in Avon and Enfield Rest Areas and for the rehabilitation or replacement of truck parking information management system equipment at Department of Transportation-owned parking rest area locations. This is a onetime appropriation.

Subd. 9. Facilities Capital Program

-0-

20,100,000

This appropriation is for the transportation facilities capital program under Minnesota Statutes, section 174.595. This is a onetime appropriation.

Sec. 3. METROPOLITAN COUNCIL

\$-0-

\$1,000,000

The appropriation in this section is from the general fund to the Metropolitan Council.

\$1,000,000 in fiscal year 2025 is for a grant to the Ramsey County Regional Railroad Authority for a portion of the costs of insurance coverage related to rail-related incidents occurring at Union Depot in the city of St. Paul. This is a onetime appropriation.

Sec. 4. DEPARTMENT OF PUBLIC SAFETY

Subdivision 1. Total Appropriation

\$-0-

\$5,380,000

The appropriations in this section are from the driver and vehicle services operating account in the special revenue fund to the commissioner of public safety.

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

Subd. 2. Driver Services

-0-

4,180,000

\$1,211,000 in fiscal year 2025 is for staff and related operating costs for the intensive testing program under Minnesota Statutes, section 171.307.

\$2,969,000 in fiscal year 2025 is for staff and related operating costs to support testing at driver's license examination stations.

The base from the driver and vehicle services operating account in the special revenue fund is increased by \$3,903,000 in fiscal year 2026 and \$3,763,000 in fiscal year 2027.

Subd. 3. Traffic Safety

-0-

1,200,000

\$1,200,000 in fiscal year 2025 is for the Lights On grant program under Minnesota Statutes, section 169.515. The commissioner, through the Office of Traffic Safety, must contract with the Lights On! microgrant program to administer and operate the grant program. This is a onetime appropriation and is available until June 30, 2026.

Sec. 5. Laws 2021, First Special Session chapter 5, article 1, section 2, subdivision 2, is amended to read:

Subd. 2. Multimodal Systems

(a) Aeronautics

(1) Airport Development and Assistance

24,198,000

18,598,000

Appropriations by Fund

	2022	2023
General	5,600,000	-0-
Airports	18,598,000	18,598,000

This appropriation is from the state airports fund and must be spent according to Minnesota Statutes, section 360.305, subdivision 4.

\$5,600,000 in fiscal year 2022 is from the general fund for a grant to the city of Karlstad for the acquisition of land, predesign, design, engineering, and construction of a primary airport runway. This appropriation is for Phase 1 of the project.

Notwithstanding Minnesota Statutes, section 16A.28, subdivision 6, this appropriation is available for five years after the year of the appropriation. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

If the commissioner of transportation determines that a balance remains in the state airports fund following the appropriations made in this article and that the appropriations made are insufficient for advancing airport development and assistance projects, an amount necessary to advance the projects, not to exceed the balance in the state airports fund, is appropriated in each year to the commissioner and must be spent according to

Minnesota Statutes, section 360.305, subdivision 4. Within two weeks of a determination under this contingent appropriation, the commissioner of transportation must notify the commissioner of management and budget and the chairs, ranking minority members, and staff of the legislative committees with jurisdiction over transportation finance concerning the funds appropriated. Funds appropriated under this contingent appropriation do not adjust the base for fiscal years 2024 and 2025.

(2) Aviation Support Services 8,332,000 8,340,000

Appropriations by Fund

	2022	2023
General	1,650,000	1,650,000
Airports	6,682,000	6,690,000

\$28,000 in fiscal year 2022 and \$36,000 in fiscal year 2023 are from the state airports fund for costs related to regulating unmanned aircraft systems.

(3) Civil Air Patrol 80,000 80,000

This appropriation is from the state airports fund for the Civil Air Patrol.

(b) Transit and Active Transportation 23,501,000 18,201,000

This appropriation is from the general fund.

\$5,000,000 in fiscal year 2022 is for the active transportation program under Minnesota Statutes, section 174.38. This is a onetime appropriation and is available until June 30, 2025.

\$300,000 in fiscal year 2022 is for a grant to the 494 Corridor Commission. The commissioner must not retain any portion of the funds appropriated under this section. The commissioner must make grant payments in full by December 31, 2021. Funds under this grant are for programming and service expansion to assist companies and commuters in telecommuting efforts and promotion of best practices. A grant recipient must provide telework resources, assistance, information, and related activities on a statewide basis. This is a onetime appropriation.

(c) Safe Routes to School 5,500,000 500,000

This appropriation is from the general fund for the safe routes to school program under Minnesota Statutes, section 174.40.

If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

(d) **Passenger Rail** 10,500,000 500,000

This appropriation is from the general fund for passenger rail activities under Minnesota Statutes, sections 174.632 to 174.636.

\$10,000,000 in fiscal year 2022 is for final design and construction to provide for a second daily Amtrak train service between Minneapolis and St. Paul and Chicago. The commissioner may expend funds for program delivery and administration from this amount. This is a onetime appropriation and is available until June 30, 2025.

(e) **Freight** 8,342,000 7,323,000

Appropriations by Fund

	2022	2023
General	2,464,000	1,445,000
Trunk Highway	5,878,000	5,878,000

\$1,000,000 in fiscal year 2022 is from the general fund for procurement costs of a statewide freight network optimization tool. This is a onetime appropriation and is available until June 30, 2023.

\$350,000 in fiscal year 2022 and \$287,000 in fiscal year 2023 are from the general fund for two additional rail safety inspectors in the state rail safety inspection program under Minnesota Statutes, section 219.015. In each year, the commissioner must not increase the total assessment amount under Minnesota Statutes, section 219.015, subdivision 2, from the most recent assessment amount.

Sec. 6. **APPROPRIATION CANCELLATION.**

\$8,000,000 of the appropriation in fiscal year 2024 from the general fund for Infrastructure Investment and Jobs Act (IIJA) discretionary matches under Laws 2023, chapter 68, article 1, section 2, subdivision 5, paragraph (a), is canceled to the general fund on June 29, 2024.

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

ARTICLE 2
TRANSPORTATION FINANCE

Section 1. Minnesota Statutes 2022, section 13.6905, is amended by adding a subdivision to read:

Subd. 38. Intensive testing program data. Data on participants in the intensive testing program are governed by section 171.307, subdivision 7.

EFFECTIVE DATE. This section is effective August 1, 2024.

Sec. 2. **[161.1258] RUMBLE STRIPS.**

(a) The commissioner must maintain transverse rumble strips in association with each stop sign that is located (1) on a trunk highway segment with a speed limit of at least 55 miles per hour, and (2) outside the limits of a statutory or home rule charter city.

(b) The commissioner must meet the requirements under paragraph (a) at each applicable location by the earlier of August 1, 2034, or the date of substantial completion of any construction, resurfacing, or reconditioning at the location.

Sec. 3. Minnesota Statutes 2022, section 161.14, is amended by adding a subdivision to read:

Subd. 105. **Mayor Dave Smiglewski Memorial Bridge.** The bridge on marked U.S. Highway 212 over the Minnesota River in the city of Granite Falls is designated as "Mayor Dave Smiglewski Memorial Bridge." Subject to section 161.139, the commissioner must adopt a suitable design to mark the bridge and erect appropriate signs.

Sec. 4. Minnesota Statutes 2022, section 161.14, is amended by adding a subdivision to read:

Subd. 106. **Gopher Gunners Memorial Bridge.** (a) The bridge on marked Trunk Highway 55 and marked Trunk Highway 62 over the Minnesota River, commonly known as the Mendota Bridge, is designated as "Gopher Gunners Memorial Bridge." Notwithstanding section 161.139, the commissioner must adopt a suitable design to mark this bridge and erect appropriate signs.

(b) The adjutant general of the Department of Military Affairs must reimburse the commissioner of transportation for costs incurred under this subdivision.

Sec. 5. Minnesota Statutes 2023 Supplement, section 161.178, is amended to read:

161.178 TRANSPORTATION GREENHOUSE GAS EMISSIONS IMPACT ASSESSMENT.

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

(b) "Applicable entity" means the commissioner with respect to a ~~capacity expansion~~ project or portfolio for inclusion in the state transportation improvement program or a metropolitan planning organization with respect to a ~~capacity expansion~~ project or portfolio for inclusion in the appropriate metropolitan transportation improvement program.

(c) "Assessment" means the ~~capacity expansion~~ impact assessment under this section.

(d) "Capacity expansion project" means a project for trunk highway construction or reconstruction that:

(1) is a major highway project, as defined in section 174.56, subdivision 1, paragraph (b); and

(2) adds highway traffic capacity or provides for grade separation of motor vehicle traffic at an intersection, excluding auxiliary lanes with a length of less than 2,500 feet.

(e) "Greenhouse gas emissions" includes those emissions described in section 216H.01, subdivision 2.

Subd. 2. **Project or portfolio assessment.** (a) Prior to inclusion of a ~~capacity expansion~~ project or portfolio in the state transportation improvement program or in a metropolitan transportation improvement program, the applicable entity must perform a ~~capacity expansion~~ impact assessment of the project or portfolio. Following the assessment, the applicable entity must determine if the project ~~conforms~~ or portfolio is proportionally in conformance with:

(1) the greenhouse gas emissions reduction targets under section 174.01, subdivision 3; and

(2) the vehicle miles traveled reduction targets established in the statewide multimodal transportation plan under section 174.03, subdivision 1a.

(b) If the applicable entity determines that the ~~capacity expansion~~ project or portfolio is not in conformance with paragraph (a), the applicable entity must:

(1) alter the scope or design of the project or any number of projects, remove one or more projects from the portfolio, or undertake a combination, and subsequently perform a revised assessment that meets the requirements under this section;

(2) interlink sufficient impact mitigation as provided in subdivision 4; or

(3) halt project development and disallow inclusion of the project or portfolio in the appropriate transportation improvement program.

Subd. 2a. **Applicable projects.** (a) For purposes of this section:

(1) prior to the date established under paragraph (b), a project or portfolio is a capacity expansion project; and

(2) on and after the date established under paragraph (b), a project or portfolio is a capacity expansion project or a collection of trunk highway and multimodal projects for a fiscal year and specific region.

(b) The commissioner must establish a date to implement impact assessments on the basis of assessing a portfolio or program of projects instead of on a project-by-project basis. The date must be:

(1) August 1, 2027, which applies to projects that first enter the appropriate transportation improvement program for fiscal year 2031 or a subsequent year; or

(2) as established by the commissioner, if the commissioner:

(i) consults with metropolitan planning organizations;

(ii) prioritizes and makes reasonable efforts to meet the date under clause (1) or an earlier date;

(iii) determines that the date established under this clause is the earliest practicable in which the necessary models and tools are sufficient for analysis under this section; and

(iv) submits a notice to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over transportation finance and policy, which must identify the date established and summarize the efforts under item (ii) and the determination under item (iii).

Subd. 3. **Assessment requirements.** (a) The commissioner must establish a process to ~~perform capacity expansion impact assessments. An assessment must provide for the determination under subdivision 2.~~ implement the requirements under this section, which includes:

(1) any necessary policies, procedures, manuals, and technical specifications;

(2) procedures to perform an impact assessment that provide for the determination under subdivision 2;

(3) in consultation with the technical advisory committee under section 161.1782, criteria for identification of a capacity expansion project; and

(4) related data reporting from local units of government on local multimodal transportation systems and local project impacts on greenhouse gas emissions and vehicle miles traveled.

(b) Analysis under an assessment must include but is not limited to estimates resulting from ~~the~~ a project or portfolio for the following:

(1) greenhouse gas emissions over a period of 20 years; ~~and~~

(2) a net change in vehicle miles traveled for the affected network-; and

(3) impacts to trunk highways and related impacts to local road systems, on a local, regional, or statewide basis, as appropriate.

Subd. 4. **Impact mitigation; interlinking.** (a) To provide for impact mitigation, the applicable entity must interlink the ~~capacity expansion~~ project or portfolio as provided in this subdivision.

(b) Impact mitigation is sufficient under subdivision 2, paragraph (b), if the ~~capacity expansion~~ project or portfolio is interlinked to ~~mitigation offset~~ actions such that the total greenhouse gas emissions reduction from the ~~mitigation offset~~ actions, after accounting for the greenhouse gas emissions otherwise resulting from the ~~capacity expansion~~ project or portfolio, is consistent with meeting the targets specified under subdivision 2, paragraph (a). Each comparison under this paragraph must be performed over equal comparison periods.

~~A mitigation~~ An offset action consists of a project, program, ~~or~~ operations modification, or mitigation plan in one or more of the following areas:

(1) transit expansion, including but not limited to regular route bus, arterial bus rapid transit, highway bus rapid transit, rail transit, and intercity passenger rail;

(2) transit service improvements, including but not limited to increased service level, transit fare reduction, and transit priority treatments;

(3) active transportation infrastructure;

(4) micromobility infrastructure and service, including but not limited to shared vehicle services;

(5) transportation demand management, including but not limited to vanpool and shared vehicle programs, remote work, and broadband access expansion;

(6) parking management, including but not limited to parking requirements reduction or elimination and parking cost adjustments;

(7) land use, including but not limited to residential and other density increases, mixed-use development, and transit-oriented development;

(8) infrastructure improvements related to traffic operations, including but not limited to roundabouts and reduced conflict intersections; ~~and~~

(9) natural systems, including but not limited to prairie restoration, reforestation, and urban green space; and

(10) as specified by the commissioner in the manner provided under paragraph (e).

(d) ~~A mitigation~~ An offset action may be identified as interlinked to the ~~capacity expansion~~ project or portfolio if:

(1) there is a specified project, program, ~~or~~ modification, or mitigation plan;

(2) the necessary funding sources are identified and sufficient amounts are committed;

(3) the mitigation is localized as provided in subdivision 5; and

(4) procedures are established to ensure that the mitigation action remains in substantially the same form or a revised form that continues to meet the calculation under paragraph (b).

(e) The commissioner may authorize additional offset actions under paragraph (c) if:

(1) the offset action is reviewed and recommended by the technical advisory committee under section 161.1782; and

(2) the commissioner determines that the offset action is directly related to reduction in the transportation sector of greenhouse gas emissions or vehicle miles traveled.

Subd. 5. **Impact mitigation; localization.** (a) ~~A mitigation~~ An offset action under subdivision 4 must be localized in the following priority order:

(1) if the offset action is for one project, within or associated with at least one of the communities impacted by the ~~capacity expansion~~ project;

(2) if clause (1) does not apply or there is not a reasonably feasible location under clause (1), in areas of persistent poverty or historically disadvantaged communities, as measured and defined in federal law, guidance, and notices of funding opportunity;

(3) if there is not a reasonably feasible location under clauses (1) and (2), in the region of the ~~capacity expansion~~ project or portfolio; or

(4) if there is not a reasonably feasible location under clauses (1) to (3), on a statewide basis.

(b) The applicable entity must include an explanation regarding the feasibility and rationale for each mitigation action located under paragraph (a), clauses (2) to (4).

Subd. 6. **Public information.** The commissioner must publish information regarding ~~capacity expansion~~ impact assessments on the department's website. The information must include:

(1) for each project evaluated separately under this section, identification of ~~capacity expansion projects~~ the project; ~~and~~

(2) for each project evaluated separately, a summary that includes an overview of the ~~expansion impact~~ assessment, the impact determination by the commissioner, and project disposition, including a review of any ~~mitigation offset~~ actions;

(3) for each portfolio of projects, an overview of the projects, the impact determination by the commissioner, and a summary of any offset actions;

(4) a review of any interpretation of or additions to offset actions under subdivision 4;

(5) identification of the date established by the commissioner under subdivision 2a, paragraph (b); and

(6) a summary of the activities of the technical advisory committee under section 161.1782, including but not limited to any findings or recommendations made by the advisory committee.

Subd. 7. **Safety and well-being.** The requirements of this section are in addition to and must not supplant the safety and well-being goals established under section 174.01, subdivision 2, clauses (1) and (2).

EFFECTIVE DATE. This section is effective February 1, 2025. This section does not apply to a capacity expansion project that was either included in the state transportation improvement program or has been submitted for approval of the geometric layout before February 1, 2025.

Sec. 6. **[161.1782] TRANSPORTATION IMPACT ASSESSMENT; TECHNICAL ADVISORY COMMITTEE.**

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

(b) "Advisory committee" means the technical advisory committee established in this section.

(c) "Project or portfolio" is as provided in section 161.178.

Subd. 2. **Establishment.** The commissioner must establish a technical advisory committee to assist in implementation review related to the requirements under section 161.178.

Subd. 3. **Membership; appointments.** The advisory committee is composed of the following members:

(1) one member from the Department of Transportation, appointed by the commissioner of transportation;

(2) one member from the Pollution Control Agency, appointed by the commissioner of the Pollution Control Agency;

(3) one member from the Metropolitan Council, appointed by the chair of the Metropolitan Council;

(4) one member from the Center for Transportation Studies, appointed by the president of the University of Minnesota;

(5) one member representing metropolitan planning organizations outside the metropolitan area, as defined in section 473.121, subdivision 2, appointed by the Association of Metropolitan Planning Organizations; and

(6) up to four members who are not employees of the state, with no more than two who are employees of a political subdivision, appointed by the commissioner of transportation.

Subd. 4. Membership; requirements. (a) To be eligible for appointment to the advisory committee, an individual must have experience or expertise sufficient to provide assistance in implementation or technical review related to the requirements under section 161.178. Each appointing authority must consider appointment of individuals with expertise in travel demand modeling, emissions modeling, traffic forecasting, land use planning, or transportation-related greenhouse gas emissions assessment and analysis. In appointing the members under subdivision 3, clause (6), the commissioner must also consider technical expertise in other relevant areas, which may include but is not limited to public health or natural systems management.

(b) Members of the advisory committee serve at the pleasure of the appointing authority. Vacancies must be filled by the appointing authority.

Subd. 5. Duties. The advisory committee must assist the commissioner in implementation of the requirements under section 161.178 by:

(1) performing technical review and validation of processes and methodologies used for impact assessment and impact mitigation;

(2) reviewing and making recommendations on:

(i) impact assessment requirements;

(ii) models and tools for impact assessment;

(iii) methods to determine sufficiency of impact mitigation;

(iv) procedures for interlinking a project or portfolio to impact mitigation; and

(v) reporting and data collection;

(3) advising on the approach used to determine the area of influence for a project or portfolio for a geographic or transportation network area;

(4) developing recommendations on any clarifications, modifications, or additions to the offset actions authorized under section 161.178, subdivision 4; and

(5) performing other analyses or activities as requested by the commissioner.

Subd. 6. Administration. (a) The commissioner must provide administrative support to the advisory committee. Upon request, the commissioner must provide information and technical support to the advisory committee.

(b) Members of the advisory committee are not eligible for compensation under this section.

(c) The advisory committee is subject to the Minnesota Data Practices Act under chapter 13 and to the Minnesota Open Meeting Law under chapter 13D.

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

Sec. 7. Minnesota Statutes 2022, section 161.45, is amended by adding a subdivision to read:

Subd. 4. High voltage transmission; placement in right-of-way. (a) For purposes of this subdivision and subdivisions 5 to 7, "high voltage transmission line" has the meaning given in section 216E.01, subdivision 4.

(b) Notwithstanding subdivision 1, paragraph (a), high voltage transmission lines under the laws of this state or the ordinance of any city or county may be constructed, placed, or maintained across or along any trunk highway, including an interstate highway and a trunk highway that is an expressway or a freeway, except as deemed necessary by the commissioner of transportation to protect public safety or ensure the proper function of the trunk highway system.

(c) If the commissioner denies a high voltage electric line colocation request, the reasons for the denial must be submitted for review within 90 days of the commissioner's denial to the chairs and ranking minority members of the legislative committees with jurisdiction over energy and transportation, the Public Utilities Commission executive secretary, and the commissioner of commerce.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to colocation requests for a high voltage transmission line on or after that date.

Sec. 8. Minnesota Statutes 2022, section 161.45, is amended by adding a subdivision to read:

Subd. 5. High voltage transmission; coordination required. Upon written request, the commissioner must engage in coordination activities with a utility or transmission line developer to review requested highway corridors for potential permitted locations for transmission lines. The commissioner must assign a project coordinator within 30 days of receiving the written request. The commissioner must share all known plans with affected utilities or transmission line developers on potential future projects in the highway corridor if the potential highway project impacts the placement or siting of high voltage transmission lines.

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

Sec. 9. Minnesota Statutes 2022, section 161.45, is amended by adding a subdivision to read:

Subd. 6. High voltage transmission; constructability report; advance notice. (a) If the commissioner and a utility or transmission line developer identify a permissible route along a trunk highway corridor for possible colocation of transmission lines, a constructability report must be prepared by the utility or transmission line developer in consultation with the commissioner. A constructability report developed under this subdivision must be utilized by both parties to plan and approve colocation projects.

(b) A constructability report developed under this section between the commissioner and the parties seeking colocation must include terms and conditions for building the colocation project. Notwithstanding the requirements in subdivision 1, the report must be approved by the commissioner and the party or parties seeking colocation prior to the commissioner approving and issuing a permit for use of the trunk highway right-of-way.

(c) A constructability report must include an agreed upon time frame for which there will not be a request from the commissioner for relocation of the transmission line. If the commissioner determines that relocation of a transmission line in the trunk highway right-of-way is necessary, the commissioner, as much as practicable, must give a seven-year advance notice.

(d) Notwithstanding the requirements of subdivision 7 and section 161.46, subdivision 2, if the commissioner requires the relocation of a transmission line in the interstate highway right-of-way earlier than what was agreed upon in paragraph (c) in the constructability report or provides less than a seven-year notice of relocation in the agreed upon constructability report, the commissioner is responsible for 75 percent of the relocation costs.

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

Sec. 10. Minnesota Statutes 2022, section 161.45, is amended by adding a subdivision to read:

Subd. 7. High voltage transmission; relocation reimbursement prohibited. (a) A high voltage transmission line that receives a route permit under chapter 216E on or after July 1, 2024, is not eligible for relocation reimbursement under section 161.46, subdivision 2.

(b) If the commissioner orders relocation of a high voltage transmission line that is subject to paragraph (a):

(1) a public utility, as defined in section 216B.02, subdivision 4, may recover its portion of costs of relocating the line that the Public Utilities Commission deems prudently incurred as a transmission cost adjustment pursuant to section 216B.16, subdivision 7b; and

(2) a consumer-owned utility, as defined in section 216B.2402, subdivision 2, may recover its portion of costs of relocating the line in any manner approved by its governing board.

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

Sec. 11. Minnesota Statutes 2022, section 161.46, subdivision 1, is amended to read:

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

~~(b)~~ (b) "Utility" means all publicly, privately, and cooperatively owned systems for supplying power, light, gas, telegraph, telephone, water, pipeline, or sewer service if such systems be authorized by law to use public highways for the location of its facilities.

~~(c)~~ (c) "Cost of relocation" means the entire amount paid by such utility properly attributable to such relocation after deducting therefrom any increase in the value of the new facility and any salvage value derived from the old facility.

(d) "High voltage transmission line" has the meaning given in section 216E.01, subdivision 4.

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

Sec. 12. Minnesota Statutes 2023 Supplement, section 161.46, subdivision 2, is amended to read:

Subd. 2. Relocation of facilities; reimbursement. ~~(a)~~ Whenever the commissioner shall determine determines that the relocation of any utility facility is necessitated by the construction of a project on the routes of federally aided state trunk highways, including urban extensions thereof, which routes that are included within the National System of Interstate Highways, the owner or operator of such the utility facility shall must relocate the same utility facility in accordance with the order of the commissioner. After the completion of such relocation the cost thereof shall be ascertained and paid by the state out of trunk highway funds; provided, however, the amount to be paid by the state for such reimbursement shall not exceed the amount on which the federal government bases its reimbursement for said interstate system. Except as provided in section 161.45, subdivision 6, paragraph (d), or 7,

upon the completion of relocation of a utility facility, the cost of relocation must be ascertained and paid out of the trunk highway fund by the commissioner, provided the amount paid by the commissioner for reimbursement to a utility does not exceed the amount on which the federal government bases its reimbursement for the interstate highway system.

~~(b) Notwithstanding paragraph (a), on or after January 1, 2024, any entity that receives a route permit under chapter 216E for a high voltage transmission line necessary to interconnect an electric power generating facility is not eligible for relocation reimbursement unless the entity directly, or through its members or agents, provides retail electric service in this state.~~

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

Sec. 13. Minnesota Statutes 2022, section 168.09, subdivision 7, is amended to read:

Subd. 7. **Display of temporary permit.** ~~(a) A vehicle that displays a Minnesota plate issued under this chapter may display a temporary permit~~ The commissioner may issue a temporary permit under this subdivision in conjunction with the conclusion of a registration period or a recently expired registration, if:

- (1) the current registration tax and all other fees and taxes have been paid in full; and
- (2) ~~the plate has~~ special plates have been applied for.

~~(b) A vehicle may display a temporary permit in conjunction with expired registration, with or without a registration plate, if:~~

- (1) ~~the plates have been applied for;~~
- (2) ~~the registration tax and other fees and taxes have been paid in full; and~~

~~(3) either the vehicle is used solely as a collector vehicle while displaying the temporary permit and not used for general transportation purposes or the vehicle was issued a 21 day permit under section 168.092, subdivision 1.~~

~~(e)~~ (b) The permit is valid for a period of 60 days. The permit must be in a format prescribed by the commissioner, affixed to the rear of the vehicle where a license plate would normally be affixed, and plainly visible. The permit is valid only for the vehicle for which it was issued to allow a reasonable time for the new plates to be manufactured and delivered to the applicant. The permit may be issued only by the commissioner or by a deputy registrar under section 168.33.

EFFECTIVE DATE. This section is effective October 1, 2024.

Sec. 14. Minnesota Statutes 2022, section 168.092, is amended to read:

168.092 ~~21-DAY~~ 60-DAY TEMPORARY VEHICLE PERMIT.

Subdivision 1. **Resident buyer.** ~~The motor vehicle registrar~~ commissioner may issue a permit to a person purchasing a new or used motor vehicle in this state for the purpose of allowing the purchaser a reasonable time to register the vehicle and pay fees and taxes due on the transfer. The permit is valid for a period of ~~21~~ 60 days. The permit must be in a ~~form as the registrar may determine~~ format prescribed by the commissioner, affixed to the rear of the vehicle where a license plate would normally be affixed, and plainly visible. Each permit is valid only for the vehicle for which issued.

Subd. 2. **Dealer.** The ~~registrar~~ commissioner may issue permits to licensed dealers. When issuing a permit, the dealer ~~shall~~ must complete the permit in the manner prescribed by the department.

EFFECTIVE DATE. This section is effective October 1, 2024.

Sec. 15. Minnesota Statutes 2023 Supplement, section 168.1259, subdivision 5, is amended to read:

Subd. 5. **Contributions; account; appropriation.** (a) Contributions collected under subdivision 2, paragraph (a), clause (5), must be deposited in the Minnesota professional sports team foundations account, which is established in the special revenue fund. Money in the account is appropriated to the commissioner of public safety. This appropriation is first for the annual cost of administering the account funds, and the remaining funds are for distribution to the foundations in proportion to the total number of Minnesota professional sports team foundation plates issued for that year. Proceeds from a plate that includes the marks and colors of all foundations must be divided evenly between all foundations.

~~The foundations~~ (b) A foundation must only use the proceeds as follows:

(1) for philanthropic or charitable purposes; or

(2) by designating the funds to be used for the Minnesota Loon Restoration Project.

(c) The commissioner must annually transfer funds designated under paragraph (b), clause (2), from the Minnesota professional sports team foundations account to the Minnesota critical habitat private sector matching account under section 84.943 for purposes of the Minnesota Loon Restoration Project.

Sec. 16. **[168.1283] ROTARY INTERNATIONAL PLATES.**

Subdivision 1. **Issuance of plates.** The commissioner must issue Rotary International special license plates or a single motorcycle plate to an applicant who:

(1) is a registered owner of a passenger automobile, noncommercial one-ton pickup truck, motorcycle, or self-propelled recreational motor vehicle;

(2) pays the registration tax as required under section 168.013;

(3) pays a fee in the amount specified under section 168.12, subdivision 5, for each set of plates, along with any other fees required by this chapter;

(4) contributes \$25 upon initial application and a minimum of \$5 annually to the Rotary District 5950 Foundation account; and

(5) complies with this chapter and rules governing registration of motor vehicles and licensing of drivers.

Subd. 2. **Design.** The commissioner must adopt a suitable design for the plate that must include the Rotary International symbol and the phrase "Service Above Self."

Subd. 3. **Plates transfer.** On application to the commissioner and payment of a transfer fee of \$5, special plates may be transferred to another qualified motor vehicle that is registered to the same individual to whom the special plates were originally issued.

Subd. 4. **Exemption.** Special plates issued under this section are not subject to section 168.1293, subdivision 2.

Subd. 5. **Contributions; account; appropriation.** Contributions collected under subdivision 1, clause (4), must be deposited in the Rotary District 5950 Foundation account, which is established in the special revenue fund. Money in the account is annually appropriated to the commissioner of public safety. This appropriation is first for the annual cost of administering the account funds, and the remaining funds must be distributed to Rotary District 5950 Foundation to further the rotary's mission of service, fellowship, diversity, integrity, and leadership. Funds distributed under this subdivision must be used on projects within this state.

EFFECTIVE DATE. This section is effective January 1, 2025, for Rotary International special plates issued on or after that date.

Sec. 17. Minnesota Statutes 2022, section 168.301, subdivision 3, is amended to read:

Subd. 3. **Late fee.** In addition to any fee or tax otherwise authorized or imposed upon the transfer of title for a motor vehicle, the commissioner of public safety ~~shall~~ must impose a \$2 additional fee for failure to deliver a title transfer within ~~ten business days~~ the period specified under section 168A.10, subdivision 2.

EFFECTIVE DATE. This section is effective October 1, 2024.

Sec. 18. Minnesota Statutes 2022, section 168A.10, subdivision 2, is amended to read:

Subd. 2. **Application for new certificate.** Except as provided in section 168A.11, the transferee ~~shall~~ must, within ~~ten~~ 20 days after assignment to the transferee of the vehicle title certificate, execute the application for a new certificate of title in the space provided on the certificate, and cause the certificate of title to be mailed or delivered to the department. Failure of the transferee to comply with this subdivision ~~shall result~~ results in the suspension of the vehicle's registration under section 168.17.

EFFECTIVE DATE. This section is effective October 1, 2024, and applies to title transfers on or after that date.

Sec. 19. Minnesota Statutes 2022, section 168A.11, subdivision 1, is amended to read:

Subdivision 1. **Requirements upon subsequent transfer; service fee.** (a) A dealer who buys a vehicle and holds it for resale need not apply for a certificate of title. Upon transferring the vehicle to another person, other than by the creation of a security interest, the dealer ~~shall~~ must promptly execute the assignment and warranty of title by a dealer, showing the names and addresses of the transferee and of any secured party holding a security interest created or reserved at the time of the resale, and the date of the security agreement in the spaces provided ~~therefor~~ on the certificate of title or secure reassignment.

(b) If a dealer elects to apply for a certificate of title on a vehicle held for resale, the dealer need not register the vehicle but ~~shall~~ must pay one month's registration tax. If a dealer elects to apply for a certificate of title on a vehicle held for resale, the ~~department shall~~ commissioner must not place any legend on the title that no motor vehicle sales tax was paid by the dealer, but may indicate on the title whether the vehicle is a new or used vehicle.

(c) With respect to motor vehicles subject to the provisions of section 325E.15, the dealer ~~shall~~ must also, in the space provided ~~therefor~~ on the certificate of title or secure reassignment, state the true cumulative mileage registered on the odometer or that the exact mileage is unknown if the odometer reading is known by the transferor to be different from the true mileage.

(d) The transferee ~~shall~~ must complete the application for title section on the certificate of title or separate title application form prescribed by the ~~department~~ commissioner. The dealer ~~shall~~ must mail or deliver the certificate to the ~~registrar~~ commissioner or deputy registrar with the transferee's application for a new certificate and appropriate taxes and fees, within ~~ten business days~~ the period specified under section 168A.10, subdivision 2.

(e) With respect to vehicles sold to buyers who will remove the vehicle from this state, the dealer ~~shall~~ must remove any license plates from the vehicle, issue a 31-day temporary permit pursuant to section 168.091, and notify the ~~registrar commissioner~~ within 48 hours of the sale that the vehicle has been removed from this state. The notification must be made in an electronic format prescribed by the ~~registrar commissioner~~. The dealer may contract with a deputy registrar for the notification of sale to an out-of-state buyer. The deputy registrar may charge a fee of \$7 per transaction to provide this service.

EFFECTIVE DATE. This section is effective October 1, 2024, and applies to title transfers on or after that date.

Sec. 20. Minnesota Statutes 2023 Supplement, section 169.011, subdivision 27, is amended to read:

Subd. 27. **Electric-assisted bicycle.** (a) "Electric-assisted bicycle" means a bicycle with two or three wheels that:

- (1) has a saddle and fully operable pedals for human propulsion;
- (2) meets the requirements for bicycles under Code of Federal Regulations, title 16, part 1512, or successor requirements;
- (3) is equipped with an electric motor that has a power output of not more than 750 watts;
- (4) meets the requirements of a class 1, class 2, ~~or~~ class 3, or multiple mode electric-assisted bicycle; and
- (5) has a battery or electric drive system that has been tested to an applicable safety standard by a third-party testing laboratory.

(b) A vehicle that is modified so that it no longer meets the requirements for any electric-assisted bicycle class is not an electric-assisted bicycle.

Sec. 21. Minnesota Statutes 2022, section 169.011, is amended by adding a subdivision to read:

Subd. 45a. **Multiple mode electric-assisted bicycle.** "Multiple mode electric-assisted bicycle" means an electric-assisted bicycle equipped with switchable or programmable modes that provide for operation as two or more of a class 1, class 2, or class 3 electric-assisted bicycle in conformance with the definition and requirements under this chapter for each respective class.

Sec. 22. Minnesota Statutes 2022, section 169.011, is amended by adding a subdivision to read:

Subd. 92b. **Vulnerable road user.** "Vulnerable road user" means a person in the right-of-way of a highway, including but not limited to a bikeway and an adjacent sidewalk or trail, who is:

- (1) a pedestrian;
- (2) on a bicycle or other nonmotorized vehicle or device;
- (3) on an electric personal assistive mobility device;
- (4) on an implement of husbandry; or
- (5) riding an animal.

Vulnerable road user includes the operator and any passengers for a vehicle, device, or personal conveyance identified in this subdivision.

Sec. 23. Minnesota Statutes 2022, section 169.21, subdivision 6, is amended to read:

Subd. 6. **Driver education curriculum; vulnerable road users.** ~~The class D curriculum, in addition to driver education classroom curriculum prescribed in rules of statutes for class D motor vehicles, must include instruction on a commissioner must adopt rules for persons enrolled in driver education programs offered at public schools, private schools, and commercial driver training schools, requiring inclusion in the course of instruction a section on vulnerable road users. The instruction must include information on:~~

- (1) the rights and responsibilities of vulnerable road users, as defined in section 169.011, subdivision 92b;
- (2) the specific duties of a driver when encountering a bicycle, other nonmotorized vehicles, or a pedestrian;
- (3) safety risks for vulnerable road users and motorcyclists or other operators of two- or three-wheeled vehicles; and
- (4) best practices to minimize dangers and avoid collisions with vulnerable road users and motorcyclists or other operators of two- or three-wheeled vehicles.

Sec. 24. Minnesota Statutes 2022, section 169.222, subdivision 6a, is amended to read:

Subd. 6a. **Electric-assisted bicycle; riding rules.** (a) A person may operate an electric-assisted bicycle in the same manner as provided for operation of other bicycles, including but not limited to operation on the shoulder of a roadway, a bicycle lane, and a bicycle route, and operation without the motor engaged on a bikeway or bicycle trail.

(b) A person may operate a class 1 or class 2 electric-assisted bicycle with the motor engaged on a bicycle path, bicycle trail, or shared use path unless prohibited under section 85.015, subdivision 1d; 85.018, subdivision 2, paragraph (d); or 160.263, subdivision 2, paragraph (b), as applicable.

(c) A person may operate a class 3 electric-assisted bicycle or multiple mode electric-assisted bicycle with the motor engaged on a bicycle path, bicycle trail, or shared use path unless the local authority or state agency having jurisdiction over the bicycle path or trail prohibits the operation.

(d) The local authority or state agency having jurisdiction over a trail or over a bike park that is designated as nonmotorized and that has a natural surface tread made by clearing and grading the native soil with no added surfacing materials may regulate the operation of an electric-assisted bicycle.

(e) ~~No~~ A person under the age of 15 ~~shall~~ must not operate an electric-assisted bicycle.

Sec. 25. Minnesota Statutes 2022, section 169.222, subdivision 6b, is amended to read:

Subd. 6b. **Electric-assisted bicycle; equipment.** (a) The manufacturer or distributor of an electric-assisted bicycle must apply a label to the bicycle that is permanently affixed in a prominent location. The label must contain the ~~classification~~ class number, top assisted speed, and motor wattage of the electric-assisted bicycle, and must be printed in a legible font with at least 9-point type. A multiple mode electric-assisted bicycle must have labeling that identifies the highest electric-assisted bicycle class in which it is capable of operation.

(b) A person must not modify an electric-assisted bicycle to change the motor-powered speed capability or motor engagement so that the bicycle no longer meets the requirements for the applicable class, unless:

- (1) the person replaces the label required in paragraph (a) with revised information; or

(2) for a vehicle that no longer meets the requirements for any electric-assisted bicycle class, the person removes the labeling as an electric-assisted bicycle.

(c) An electric-assisted bicycle must operate in a manner so that the electric motor is disengaged or ceases to function ~~when the rider stops pedaling or:~~ (1) when the brakes are applied; or (2) except for a class 2 electric-assisted bicycle or a multiple mode electric-assisted bicycle operating in class 2 mode, when the rider stops pedaling.

(d) A class 3 electric-assisted bicycle or multiple mode electric-assisted bicycle must be equipped with a speedometer that displays the speed at which the bicycle is traveling in miles per hour.

(e) A multiple mode electric-assisted bicycle equipped with a throttle must not be capable of exceeding 20 miles per hour on motorized propulsion alone in any mode when the throttle is engaged.

Sec. 26. **[169.515] LIGHTS ON GRANT PROGRAM.**

Subdivision 1. **Grant program established; purpose.** The Lights On grant program is established under this section to provide drivers on Minnesota roads with vouchers of up to \$250 to use at participating auto repair shops to repair or replace broken or malfunctioning lighting equipment required under sections 169.49 to 169.51. Grant funds awarded under this program are intended to increase safety on Minnesota roads by ensuring vehicle lights are properly illuminated, offering drivers restorative solutions rather than punishment for malfunctioning equipment, lessening the financial burden of traffic tickets on low-income drivers, and improving police-community relations.

Subd. 2. **Eligibility.** Counties, cities, towns, the State Patrol, and local law enforcement agencies, including law enforcement agencies of a federally recognized Tribe, as defined in United States Code, title 25, section 5304(e), are eligible to apply for grants under this section.

Subd. 3. **Application.** (a) The commissioner of public safety must develop application materials and procedures for the Lights On grant program.

(b) The application must describe the type or types of intended vouchers, the amount of money requested, and any other information deemed necessary by the commissioner.

(c) Applicants must submit an application under this section in the form and manner prescribed by the commissioner.

(d) Applicants must describe how grant money will be used to provide and distribute vouchers to drivers.

(e) Applicants must keep records of vouchers distributed and records of all expenses associated with awarded grant money.

Subd. 4. **Grant criteria.** Preference for grant awards must be given to applicants whose proposals provide resources and vouchers to individuals residing in geographic areas that have historically received underinvestment and have high poverty rates.

Subd. 5. **Reporting.** By February 1 each year, grant recipients must submit a report to the commissioner itemizing all expenditures made using grant money, the purpose of each expenditure, and the disposition of each contact made with drivers with malfunctioning or broken lighting equipment. The report must be in the form and manner prescribed by the commissioner.

Sec. 27. Minnesota Statutes 2023 Supplement, section 169A.44, subdivision 1, is amended to read:

Subdivision 1. **Nonfelony violations.** (a) This subdivision applies to a person charged with a nonfelony violation of section 169A.20 (driving while impaired) under circumstances described in section 169A.40, subdivision 3 (certain DWI offenders; custodial arrest).

(b) Except as provided in subdivision 3, unless maximum bail is imposed under section 629.471, a person described in paragraph (a) may be released from detention only if the person agrees to the following conditions pending resolution of the charge:

(1) abstain from alcohol and nonprescribed controlled or intoxicating substances; and

(2) submit to a program ~~of electronic alcohol monitoring, involving at least daily measurements of the person's alcohol concentration, pending resolution of the charge~~ to monitor that abstinence.

(c) A defendant charged with a violation of section 169A.20, subdivision 1, clause (1), (5), or (6); subdivision 1, clause (4), where one of the elements involves a violation of clause (1); subdivision 2, clause (1); or subdivision 2, clause (2), if the court issued the warrant based on probable cause to believe that the person was under the influence of alcohol, must be monitored through the use of:

(1) electronic alcohol monitoring, involving at least daily measurements of the person's alcohol concentration if electronic alcohol-monitoring equipment is available to the court; or

(2) random alcohol tests conducted at least weekly if electronic alcohol-monitoring equipment is not available to the court.

(d) A defendant charged with a violation of section 169A.20, subdivision 1, clause (2), (3), (4), (7), or (8); or subdivision 2, clause (2), if the court issued the warrant based on probable cause to believe that the person was under the influence of a controlled substance or an intoxicating substance, must be monitored through the use of random urine analyses conducted at least weekly.

~~Clause (2) applies only when electronic alcohol monitoring equipment is available to the court.~~ (e) The court shall require partial or total reimbursement from the person for the cost of the electronic alcohol monitoring, random alcohol tests, and random urine analyses, to the extent the person is able to pay.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to defendants charged on or after that date.

Sec. 28. Minnesota Statutes 2022, section 169A.55, subdivision 4, is amended to read:

Subd. 4. **Reinstatement of driving privileges; multiple incidents.** (a) A person whose driver's license has been revoked as a result of an alcohol-related offense listed under clause (2) shall not be eligible for reinstatement of driving privileges without an ignition interlock restriction until the commissioner certifies that either:

(1) the person did not own or lease a vehicle at the time of the offense or at any time between the time of the offense and the driver's request for reinstatement, or commit a violation of chapter 169, 169A, or 171 between the time of the offense and the driver's request for reinstatement or at the time of the arrest for the offense listed under clause (2), item (i), subitem (A) or (B), or (ii), subitem (A) or (B), as based on:

(i) a request by the person for reinstatement, on a form to be provided by the Department of Public Safety;

(ii) the person's attestation under penalty of perjury; and

(iii) the submission by the driver of certified copies of vehicle registration records and driving records for the period from the arrest until the driver seeks reinstatement of driving privileges; or

(2) the person used the ignition interlock device and complied with section 171.306 for a period of not less than:

(i) one year, for a person whose driver's license was revoked for:

(A) an offense occurring within ten years of a qualified prior impaired driving incident; or

(B) an offense occurring after two qualified prior impaired driving incidents; or

(ii) two years, for a person whose driver's license was revoked for:

(A) an offense occurring under item (i), subitem (A) or (B), and the test results indicated an alcohol concentration of twice the legal limit or more; or

(B) an offense occurring under item (i), subitem (A) or (B), and the current offense is for a violation of section 169A.20, subdivision 2.

(b) A person whose driver's license has been canceled or denied as a result of three or more qualified impaired driving incidents involving at least one alcohol-related offense shall not be eligible for reinstatement of driving privileges without an ignition interlock restriction until the person:

(1) has completed rehabilitation according to rules adopted by the commissioner or been granted a variance from the rules by the commissioner; and

(2) has submitted verification of abstinence from alcohol and controlled substances under paragraph (c), as evidenced by the person's use of an ignition interlock device or other chemical monitoring device approved by the commissioner.

(c) The verification of abstinence must show that the person has abstained from the use of alcohol and controlled substances for a period of not less than:

(1) three years, for a person whose driver's license was canceled or denied for an offense occurring within ten years of the first of two qualified prior impaired driving incidents, or occurring after three qualified prior impaired driving incidents;

(2) four years, for a person whose driver's license was canceled or denied for an offense occurring within ten years of the first of three qualified prior impaired driving incidents; or

(3) six years, for a person whose driver's license was canceled or denied for an offense occurring after four or more qualified prior impaired driving incidents.

(d) A person whose driver's license has been revoked as a result of a controlled or intoxicating substance offense listed under clause (2) shall not be eligible for reinstatement of driving privileges without participating in the intensive testing program established under section 171.307 until the commissioner certifies that either:

(1) the person did not own or lease a vehicle at the time of the offense or at any time between the time of the offense and the driver's request for reinstatement, or commit a violation of chapter 169, 169A, or 171 between the time of the offense and the driver's request for reinstatement or at the time of the arrest for the offense listed under clause (2), item (i), subitem (A) or (B), or (ii), subitem (A) or (B), as based on:

(i) a request by the person for reinstatement, on a form to be provided by the Department of Public Safety;

(ii) the person's attestation under penalty of perjury; and

(iii) the submission by the driver of certified copies of vehicle registration records and driving records for the period from the arrest until the driver seeks reinstatement of driving privileges; or

(2) the person participated in the intensive testing program and complied with section 171.307 for a period of not less than:

(i) one year, for a person whose driver's license was revoked for:

(A) an offense occurring within ten years of a qualified prior impaired driving incident; or

(B) an offense occurring after two qualified prior impaired driving incidents; or

(ii) two years, for a person whose driver's license was revoked for:

(A) an offense occurring under item (i), subitem (A) or (B), and the test results indicated an alcohol concentration of twice the legal limit or more; or

(B) an offense occurring under item (i), subitem (A) or (B), and the current offense is for a violation of section 169A.20, subdivision 2.

(e) A person whose driver's license has been canceled or denied as a result of three or more qualified impaired driving incidents involving at least one controlled or intoxicating substance offense shall not be eligible for reinstatement of driving privileges without participating in the intensive testing program until the person:

(1) has completed rehabilitation according to rules adopted by the commissioner or been granted a variance from the rules by the commissioner; and

(2) has submitted verification of abstinence from alcohol and controlled substances under paragraph (f), as evidenced by the person's participation in the intensive testing program or other monitoring approved by the commissioner.

(f) The verification of abstinence must show that the person has abstained from the use of alcohol and controlled substances for a period of not less than:

(1) three years, for a person whose driver's license was canceled or denied for an offense occurring within ten years of the first of two qualified prior impaired driving incidents, or occurring after three qualified prior impaired driving incidents;

(2) four years, for a person whose driver's license was canceled or denied for an offense occurring within ten years of the first of three qualified prior impaired driving incidents; or

(3) six years, for a person whose driver's license was canceled or denied for an offense occurring after four or more qualified prior impaired driving incidents.

(g) As used in this subdivision:

(1) "alcohol-related offense" means a violation of section 169A.20, subdivision 1, clause (1), (5), or (6); subdivision 1, clause (4), where one of the elements involves a violation of clause (1); subdivision 2, clause (1); or subdivision 2, clause (2), if the court issued the warrant based on probable cause to believe that the person was under the influence of alcohol; and

(2) "controlled or intoxicating substance offense" means a violation of section 169A.20, subdivision 1, clause (2), (3), (4), (7), or (8); or subdivision 2, clause (2), if the court issued the warrant based on probable cause to believe that the person was under the influence of a controlled substance or an intoxicating substance.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to revocations and cancellations or denials that occur on or after that date.

Sec. 29. Minnesota Statutes 2023 Supplement, section 171.0705, subdivision 2, is amended to read:

Subd. 2. **Driver's manual; bicycle traffic vulnerable road users.** The commissioner ~~shall~~ must include in ~~each edition~~ of the driver's manual published by the department a section relating to vulnerable road users and motorcyclists or operators of two- or three-wheeled vehicles that, at a minimum, includes:

(1) bicycle traffic laws, including any changes in the law which affect bicycle traffic;

(2) traffic laws related to pedestrians and pedestrian safety; and

(3) traffic laws related to motorcycles, autocycles, motorized bicycles, motorized foot scooters, and electric personal assistive mobility devices.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to each edition of the manual published on or after that date.

Sec. 30. Minnesota Statutes 2023 Supplement, section 171.13, subdivision 1, is amended to read:

Subdivision 1. **Examination subjects and locations; provisions for color blindness, disabled veterans.** (a) Except as otherwise provided in this section, the commissioner must examine each applicant for a driver's license by such agency as the commissioner directs. This examination must include:

(1) a test of the applicant's eyesight, provided that this requirement is met by submission of a vision examination certificate under section 171.06, subdivision 7;

(2) a test of the applicant's ability to read and understand highway signs regulating, warning, and directing traffic;

(3) a test of the applicant's knowledge of (i) traffic laws; (ii) the effects of alcohol and drugs on a driver's ability to operate a motor vehicle safely and legally, and of the legal penalties and financial consequences resulting from violations of laws prohibiting the operation of a motor vehicle while under the influence of alcohol or drugs; (iii) railroad grade crossing safety; (iv) slow-moving vehicle safety; (v) laws relating to pupil transportation safety, including the significance of school bus lights, signals, stop arm, and passing a school bus; (vi) traffic laws related to vulnerable road users and motorcyclists, including but not limited to operators of bicycles and pedestrians; and (vii) the circumstances and dangers of carbon monoxide poisoning;

(4) an actual demonstration of ability to exercise ordinary and reasonable control in the operation of a motor vehicle; and

(5) other physical and mental examinations as the commissioner finds necessary to determine the applicant's fitness to operate a motor vehicle safely upon the highways.

(b) Notwithstanding paragraph (a), the commissioner must not deny an application for a driver's license based on the exclusive grounds that the applicant's eyesight is deficient in color perception or that the applicant has been diagnosed with diabetes mellitus. War veterans operating motor vehicles especially equipped for disabled persons, if otherwise entitled to a license, must be granted such license.

(c) The commissioner must ensure that an applicant may take an exam either in the county where the applicant resides or in an adjacent county at a reasonably convenient location. The schedule for each exam station must be posted on the department's website.

(d) The commissioner shall ensure that an applicant is able to obtain an appointment for an examination to demonstrate ability under paragraph (a), clause (4), within 14 days of the applicant's request if, under the applicable statutes and rules of the commissioner, the applicant is eligible to take the examination.

(e) The commissioner must provide real-time information on the department's website about the availability and location of exam appointments. The website must show the next available exam dates and times for each exam station. The website must also provide an option for a person to enter an address to see the date and time of the next available exam at each exam station sorted by distance from the address provided.

Sec. 31. Minnesota Statutes 2022, section 171.306, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) As used in this section, the terms in this subdivision have the meanings given them.

(b) "Ignition interlock device" or "device" means equipment that is designed to measure breath alcohol concentration and to prevent a motor vehicle's ignition from being started by a person whose breath alcohol concentration measures 0.02 or higher on the equipment.

(c) "Incident involving alcohol" means:

(1) a test failure as described in section 169A.52, subdivision 2, paragraph (a), clause (1) or (2); or section 171.177, subdivision 3, clause (2), item (i) or (ii);

(2) a test refusal as described in section 169A.52, subdivision 3, or section 171.177, subdivision 3, clause (1), when there was probable cause to believe the person had been driving, operating, or in physical control of a motor vehicle in violation of section 169A.20, subdivision 1, clause (1), (5), or (6); or subdivision 1, clause (4), where one of the elements involves a violation of clause (1);

(3) a conviction for a violation of section 169A.20, subdivision 1, clause (1), (5), or (6); or subdivision 1, clause (4), where one of the elements involves a violation of clause (1); or

(4) a determination by the commissioner pursuant to section 171.04, subdivision 1, clause (10), that the person is inimical to public safety based on one or more violations of section 169A.20, subdivision 1, clause (1), (5), or (6); or subdivision 1, clause (4), where one of the elements involves a violation of clause (1).

~~(e)~~ (d) "Location tracking capabilities" means the ability of an electronic or wireless device to identify and transmit its geographic location through the operation of the device.

~~(d)~~ (e) "Program participant" means a person who has qualified to take part in the ignition interlock program under this section, and whose driver's license, as a result of an incident involving alcohol, has been:

(1) revoked, canceled, or denied under section 169A.52; 169A.54; 171.04, subdivision 1, clause (10); or 171.177; or

(2) revoked under section 171.17, subdivision 1, paragraph (a), clause (1), or suspended under section 171.187, for a violation of section 609.2113, subdivision 1, clause (2), item (i) or (iii), (3), or (4); subdivision 2, clause (2), item (i) or (iii), (3), or (4); or subdivision 3, clause (2), item (i) or (iii), (3), or (4); or 609.2114, subdivision 2, clause (2), item (i) or (iii), (3), or (4), resulting in bodily harm, substantial bodily harm, or great bodily harm.

~~(e)~~ (f) "Qualified prior impaired driving incident" has the meaning given in section 169A.03, subdivision 22.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to revocations and cancellations or denials that occur on or after that date.

Sec. 32. Minnesota Statutes 2022, section 171.306, subdivision 8, is amended to read:

Subd. 8. **Rulemaking.** ~~In establishing~~ The commissioner may adopt rules to implement this section, including but not limited to rules regarding the performance standards and certification process of subdivision 2, and the program guidelines of subdivision 3, and any other rules necessary to implement this section, the commissioner is subject to chapter 14.

EFFECTIVE DATE. This section is effective August 1, 2024.

Sec. 33. **[171.307] INTENSIVE TESTING PROGRAM.**

Subdivision 1. **Definitions.** (a) As used in this section, the following terms have the meanings given.

(b) "Incident involving a controlled substance or intoxicating substance" means:

(1) a test failure as described in section 169A.52, subdivision 2, paragraph (a), clause (3); or 171.177, subdivision 3, clause (2), item (iii);

(2) a test refusal as described in section 169A.52, subdivision 3, or 171.177, subdivision 3, clause (1), when there was probable cause to believe the person had been driving, operating, or in physical control of a motor vehicle in violation of section 169A.20, subdivision 1, clause (2), (3), (4), (7), or (8); or subdivision 2, clause (2), if the court issued the warrant based on probable cause to believe that the person was under the influence of a controlled substance or an intoxicating substance;

(3) a conviction for a violation of section 169A.20, subdivision 1, clause (2), (3), (4), (7), or (8); or

(4) a determination by the commissioner pursuant to section 171.04, subdivision 1, clause (10), that the person is inimical to public safety based on one or more violations of section 169A.20, subdivision 1, clause (2), (3), (4), (7), or (8).

(c) "Program participant" means a person who has qualified to take part in the intensive testing program under this section, and whose driver's license, as the result of an incident involving a controlled substance or intoxicating substance, has been:

(1) revoked, canceled, or denied under section 169A.52; 169A.54; 171.04, subdivision 1, clause (10); or 171.177; or

(2) revoked under section 171.17, subdivision 1, paragraph (a), clause (1), or suspended under section 171.187, for a violation of section 609.2113, subdivision 1, clause (2), item (ii), (iii), or (iv), (5), or (6); subdivision 2, clause (2), item (ii), (iii), or (iv), (5), or (6); or subdivision 3, clause (2), item (ii), (iii), or (iv), (5), or (6); or 609.2114, subdivision 2, clause (2), item (ii), (iii), or (iv), (5), or (6), resulting in bodily harm, substantial bodily harm, or great bodily harm.

(d) "Qualified prior impaired driving incident" has the meaning given in section 169A.03, subdivision 22.

Subd. 2. Program requirements. (a) The commissioner must establish guidelines for participation in the intensive testing program. A person who seeks to participate in the program must sign a written acknowledgment that the person has received, reviewed, and agreed to abide by the program guidelines.

(b) The program guidelines must include provisions clearly identifying and prohibiting the use of masking agents.

(c) The program guidelines must include provisions requiring disclosure of any prescription medications and protocols to assure that testing accounts for prescribed medications that are taken within the therapeutic range.

(d) The commissioner must enter a notation on a person's driving record to indicate that the person is a program participant.

(e) A person under the age of 18 years is not eligible to be a program participant.

(f) A program participant must pay costs associated with any required urine analyses.

(g) A program participant must participate in any treatment recommended in a chemical use assessment report.

(h) A program participant must submit to regular and random urine analyses and other testing that take place at least weekly. The results of a random urine analysis or other test that is ordered by a court or required by probation satisfy the requirement in this paragraph for the week in which the urine analysis or other test was administered if the results clearly indicate that the program participant submitted to the urine analysis or test, identify the date of the test, and are submitted to the commissioner in a form and manner approved by the commissioner. If a program participant chooses to submit the results of urine analyses or other tests ordered by a court or required by probation, the commissioner may require that the program participant sign a written authorization for the release of the results and any related information including but not limited to information that is a health record as defined in section 144.291, subdivision 2, paragraph (c).

Subd. 3. Issuance of restricted license. (a) Beginning January 1, 2026, the commissioner must issue a class D driver's license, subject to the applicable limitations and restrictions of this section, to a program participant who meets the requirements of this section and the program guidelines. The commissioner must not issue a license unless the program participant has provided satisfactory proof that:

(1) the participant has submitted to a minimum number of preliminary urine analyses as required by the commissioner that tested negative for the presence of a controlled substance or its metabolite and for the presence of specified intoxicating substances; and

(2) the participant has insurance coverage on any vehicle the participant owns or operates regularly. If the participant has previously been convicted of violating section 169.791, 169.793, or 169.797 or the participant's license has previously been suspended or canceled under section 169.792 or 169.797, the commissioner must require the participant to present an insurance identification card that is certified by the insurance company to be noncancelable for a period not to exceed 12 months.

(b) A program participant whose driver's license has been: (1) revoked under section 169A.52, subdivision 3, paragraph (a), clause (1), (2), or (3), or subdivision 4, paragraph (a), clause (1), (2), or (3); 169A.54, subdivision 1, clause (1), (2), (3), or (4); or 171.177, subdivision 4, paragraph (a), clause (1), (2), or (3), or subdivision 5, paragraph (a), clause (1), (2), or (3); or (2) revoked under section 171.17, subdivision 1, paragraph (a), clause (1), or suspended under section 171.187, for a violation of section 609.2113, subdivision 1, clause (2), item (ii), (iii), or (iv), (5), or (6); subdivision 2, clause (2), item (ii), (iii), or (iv), (5), or (6); or subdivision 3, clause (2), item (ii), (iii), or (iv), (5), or (6); or 609.2114, subdivision 2, clause (2), item (ii), (iii), or (iv), (5), or (6), resulting in bodily harm, substantial bodily harm, or great bodily harm, where the participant has fewer than two qualified prior impaired driving incidents within the past ten years or fewer than three qualified prior impaired driving incidents ever; may apply for conditional reinstatement of the driver's license, subject to the intensive testing program.

(c) A program participant whose driver's license has been: (1) revoked, canceled, or denied under section 169A.52, subdivision 3, paragraph (a), clause (4), (5), or (6), or subdivision 4, paragraph (a), clause (4), (5), or (6); 169A.54, subdivision 1, clause (5), (6), or (7); or 171.177, subdivision 4, paragraph (a), clause (4), (5), or (6), or subdivision 5, paragraph (a), clause (4), (5), or (6); or (2) revoked under section 171.17, subdivision 1, paragraph (a), clause (1), or suspended under section 171.187, for a violation of section 609.2113, subdivision 1, clause (2), item (ii), (iii), or (iv), (5), or (6); subdivision 2, clause (2), item (ii), (iii), or (iv), (5), or (6); or subdivision 3, clause (2), item (ii), (iii), or (iv), (5), or (6); or 609.2114, subdivision 2, clause (2), item (ii), (iii), or (iv), (5), or (6), resulting in bodily harm, substantial bodily harm, or great bodily harm, where the participant has two or more qualified prior impaired driving incidents within the past ten years or three or more qualified prior impaired driving incidents ever; may apply for conditional reinstatement of the driver's license, subject to the intensive testing program, if the program participant is enrolled in a licensed substance use disorder treatment or rehabilitation program as recommended in a chemical use assessment. As a prerequisite to eligibility for eventual reinstatement of full driving privileges, a participant whose chemical use assessment recommended treatment or rehabilitation must complete a licensed substance use disorder treatment or rehabilitation program. If the program participant submits a urine analysis that tests positive for the presence of a controlled substance or its metabolite or for the presence of any specified intoxicating substances, the commissioner must extend the time period that the participant must participate in the program until the participant has reached the required abstinence period described in section 169A.55, subdivision 4.

(d) Notwithstanding any statute or rule to the contrary, the commissioner has authority to determine when a program participant is eligible for restoration of full driving privileges, except that the commissioner must not reinstate full driving privileges until the program participant has met all applicable prerequisites for reinstatement under section 169A.55 and until the program participant has not tested positive for the presence of a controlled substance or its metabolite or for the presence of any specified intoxicating substances during the preceding 90 days.

Subd. 4. **Penalties; program violations.** (a) If a program participant violates a condition of a license conditionally reinstated under subdivision 3 and section 171.30, or violates the program guidelines under subdivision 2, the commissioner must extend the person's revocation period under section 169A.52, 169A.54, or 171.177 by:

(1) 180 days for a first violation;

(2) one year for a second violation; or

(3) 545 days for a third and each subsequent violation.

(b) Notwithstanding paragraph (a), the commissioner may terminate participation in the program by any person when, in the commissioner's judgment, termination is necessary for the interests of public safety and welfare. In the event of termination, the commissioner must not reduce the applicable revocation period under section 169A.52, 169A.54, or 171.177 by the amount of time during which the person possessed a limited or restricted driver's license issued under subdivision 3.

Subd. 5. **Tampering; penalties.** A program participant who tampers with a test required under this section, including but not limited to submitting a false or adulterated sample, or a person who advises or otherwise assists a program participant in tampering with a test required under this section is guilty of a misdemeanor.

Subd. 6. **Venue.** In addition to the provisions of Rule 24 of the Rules of Criminal Procedure and section 627.01, a violation of subdivision 5 may be prosecuted in:

(1) the county in which the tampering is alleged to have taken place;

(2) the county in which the accused resides; or

(3) the county in which the impaired driving incident occurred, which resulted in the accused being issued a driver's license with an intensive testing program restriction.

Subd. 7. **Data.** Data on program participants collected under this section are private data on individuals as defined in section 13.02, subdivision 12. Data must be maintained in the same manner as all other driver's license records. Access to the data is subject to the provisions of section 171.12, subdivision 1a.

Subd. 8. **Rulemaking.** The commissioner may adopt rules to implement this section, including but not limited to rules establishing or amending the program guidelines under subdivision 2.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to revocations and cancellations or denials that occur on or after that date.

Sec. 34. Minnesota Statutes 2022, section 174.02, is amended by adding a subdivision to read:

Subd. 11. **Tribal worksite training program.** The commissioner must establish a Tribal worksite training program for state-funded construction projects. The commissioner may enter into an agreement with any private, public, or Tribal entity for the planning, designing, developing, and hosting of the program.

Sec. 35. **[174.249] ZERO-EMISSION TRANSIT BUSES.**

Subdivision 1. **Definition.** For purposes of this section, "zero-emission transit bus" has the meaning given in section 473.3927, subdivision 1a.

Subd. 2. **Bus procurement exemptions.** (a) The commissioner must establish a process to issue a procurement exemption from the requirements under sections 473.388, subdivision 9, and 473.3927, subdivision 4. An exemption may (1) extend the commencement date for the respective zero-emission transit bus procurement requirements, or (2) provide for a modified zero-emission transit bus procurement percentage or phase-in schedule.

(b) An entity that seeks an exemption must submit an application, in the form and manner specified by the commissioner, that includes:

(1) a justification for the exemption;

(2) a review of activities related to zero-emission transit bus transition planning;

(3) demonstration of efforts to procure zero-emission transit buses and associated infrastructure;

(4) a proposed timeline for full compliance, which must include annual procurement targets and associated milestones; and

(5) information required by the commissioner.

(c) The commissioner may only issue a procurement exemption following a determination that:

(1) the applicant has made good faith effort to follow the guidance and recommendations of the transition plan under section 473.3927; and

(2) full compliance with procurement requirements is not feasible within the specified time period due to:

(i) technology, infrastructure, utility interconnection, funding, or bus availability constraints;

(ii) a resulting material impact on service reliability or on other means of reducing greenhouse gas emissions under the transit provider's purview, including transit service expansion; or

(iii) other specified and documented constraints.

(d) The commissioner must deny an application for a procurement exemption following a determination that the applicant made inadequate efforts to meet the relevant procurement requirements.

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

Sec. 36. Minnesota Statutes 2023 Supplement, section 174.38, subdivision 3, is amended to read:

Subd. 3. **Active transportation accounts.** (a) An active transportation account is established in the special revenue fund. The account consists of funds provided by law and any other money donated, allotted, transferred, or otherwise provided to the account. Money in the account is annually appropriated to the commissioner and must be expended only ~~on projects that receive financial assistance~~ as provided under this section.

(b) An active transportation account is established in the bond proceeds fund. The account consists of state bond proceeds appropriated to the commissioner. Money in the account may only be expended on bond-eligible costs of a project receiving financial assistance as provided under this section. Money in the account may only be expended on a project that is publicly owned.

~~(c) An active transportation account is established in the general fund. The account consists of money as provided by law and any other money donated, allotted, transferred, or otherwise provided to the account. Money in the account may only be expended on a project receiving financial assistance as provided under this section.~~

Sec. 37. Minnesota Statutes 2023 Supplement, section 174.38, subdivision 6, is amended to read:

Subd. 6. **Use of funds.** (a) The commissioner must determine permissible uses of ~~financial assistance~~ funds available under this section, which are limited to:

(1) construction and maintenance of bicycle, trail, and pedestrian infrastructure, including but not limited to safe routes to school infrastructure and bicycle facilities and centers; ~~and~~

(2) noninfrastructure programming, including activities as specified in section 174.40, subdivision 7a, paragraph (b); and

(3) as provided in this subdivision.

(b) Of the amount made available in each fiscal year, the first \$500,000 is for grants to develop, maintain, and implement active transportation safety curriculum for youth ages five to 14 years old, and if remaining funds are available, for (1) youth ages 15 to 17 years old, (2) adult active transportation safety programs, and (3) adult learn-to-ride programs. The curriculum must include resources for teachers and must meet the model training materials requirements under section 123B.935, subdivision 4.

(c) Of the amount made available, \$245,000 in each of fiscal years 2025 to 2028 is for costs related to complete streets implementation training under section 174.75, subdivision 2a.

Sec. 38. **[174.595] TRANSPORTATION FACILITIES CAPITAL PROGRAM.**

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

(b) "Capital building asset" includes but is not limited to district headquarters buildings, truck stations, salt storage or other unheated storage buildings, deicing and anti-icing facilities, fuel dispensing facilities, highway rest areas, and vehicle weigh and inspection stations.

(c) "Commissioner" means the commissioner of transportation.

(d) "Department" means the Department of Transportation.

(e) "Program" means the transportation facilities capital program established in this section.

Subd. 2. **Program established.** The commissioner must establish a transportation facilities capital program in conformance with this section to provide for capital building asset projects related to buildings and other capital facilities of the department.

Subd. 3. **Transportation facilities capital accounts.** (a) A transportation facilities capital account is established in the trunk highway fund. The account consists of money appropriated from the trunk highway fund for the purposes of the program and any other money donated, allotted, transferred, or otherwise provided to the account by law.

(b) A transportation facilities capital subaccount is established in the bond proceeds account in the trunk highway fund. The subaccount consists of trunk highway bond proceeds appropriated to the commissioner for the purposes of the program. Money in the subaccount may only be expended on trunk highway purposes, including the purposes specified in this section.

Subd. 4. **Implementation standards.** The commissioner must establish a process to implement the program that includes allocation of funding based on review of eligible projects as provided under subdivision 5 and prioritization as provided under subdivision 6. The process must be in conformance with trunk highway fund uses for the purposes of constructing, improving, and maintaining the trunk highway system in the state pursuant to the Minnesota Constitution, article XIV.

Subd. 5. **Eligible expenditures.** A project is eligible under this section only if the project:

(1) involves the construction, improvement, or maintenance of a capital building asset that is part of the trunk highway system; and

(2) accomplishes at least one of the following:

(i) supports the programmatic mission of the department;

(ii) extends the useful life of existing buildings; or

(iii) renovates or constructs facilities to meet the department's current and future operational needs.

Subd. 6. **Prioritization.** In prioritizing funding allocation among projects under the program, the commissioner must consider:

(1) whether a project ensures the effective and efficient condition and operation of the facility;

(2) the urgency in ensuring the safe use of existing buildings;

(3) the project's total life-cycle cost;

(4) additional criteria for priorities otherwise specified in law that apply to a category listed in the act making an appropriation for the program; and

(5) any other criteria the commissioner deems necessary.

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

Sec. 39. Minnesota Statutes 2023 Supplement, section 174.634, subdivision 2, is amended to read:

Subd. 2. **Passenger rail account; transfers; appropriation.** (a) A passenger rail account is established in the special revenue fund. The account consists of funds as provided in this subdivision and any other money donated, allotted, transferred, collected, or otherwise provided to the account.

(b) By July 15 annually beginning in calendar year 2027, the commissioner of revenue must transfer an amount from the general fund to the passenger rail account that equals 50 percent of the portion of the state general tax under section 275.025 levied on railroad operating property, as defined under section 273.13, subdivision 24, in the prior calendar year.

(c) Money in the account is annually appropriated to the commissioner of transportation for the ~~net~~ operating and capital maintenance costs of intercity passenger rail, which may include but are not limited to planning, designing, developing, constructing, equipping, administering, operating, promoting, maintaining, and improving passenger rail service within the state, after accounting for operating revenue, federal funds, and other sources.

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

Sec. 40. Minnesota Statutes 2023 Supplement, section 174.634, is amended by adding a subdivision to read:

Subd. 3. **Fee and revenue collection authorized.** In order to maintain a balanced transportation system in the state required by the public convenience and necessity, the commissioner may, directly or through a contractor, vendor, operator, or partnership with a federal or state government entity, including Amtrak, collect a fee or other revenue related to passenger rail services within the state. Fees and revenue to be collected include but are not limited to fees and revenue generated through ticket sales and sales of on-board and promotional goods. Revenue may be collected as determined by the commissioner. Fees and revenue collected under this subdivision must be deposited in the passenger rail account in the special revenue fund. Fees and revenue under this section are not subject to section 16A.1283.

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

Sec. 41. Minnesota Statutes 2022, section 174.75, subdivision 1, is amended to read:

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

(b) "Complete streets" is the planning, scoping, design, implementation, operation, and maintenance of roads in order to reasonably address the safety and accessibility needs of users of all ages and abilities. Complete streets considers the needs of motorists, pedestrians, transit users and vehicles, bicyclists, and commercial and emergency vehicles moving along and across roads, intersections, and crossings in a manner that is sensitive to the local context and recognizes that the needs vary in urban, suburban, and rural settings.

(c) "Vulnerable road user" has the meaning given in section 169.011, subdivision 92b.

Sec. 42. Minnesota Statutes 2022, section 174.75, subdivision 2, is amended to read:

Subd. 2. **Implementation.** (a) The commissioner ~~shall~~ **must** implement a complete streets policy after consultation with stakeholders, state and regional agencies, local governments, and road authorities. The commissioner, after such consultation, ~~shall~~ **must** address relevant protocols, guidance, standards, requirements, and training, ~~and shall integrate.~~

(b) The complete streets policy must include but is not limited to:

(1) integration of related principles of context-sensitive solutions;

(2) integration throughout the project development process;

(3) methods to evaluate inclusion of active transportation facilities in a project, which may include but are not limited to sidewalks, crosswalk markings, pedestrian accessibility, and bikeways; and

(4) consideration of consultation with other road authorities regarding existing and planned active transportation network connections.

Sec. 43. Minnesota Statutes 2022, section 174.75, is amended by adding a subdivision to read:

Subd. 2a. **Implementation guidance.** The commissioner must maintain guidance that accompanies the complete streets policy under this section. The guidance must include sections on:

(1) an analysis framework that provides for:

(i) identification of characteristics of a project;

(ii) highway system categorization based on context, including population density, land use, density and scale of surrounding development, volume of highway use, and the nature and extent of active transportation; and

(iii) relative emphasis for different road system users in each of the categories under item (ii) in a manner that supports safety and mobility of vulnerable road users, motorcyclists or other operators of two- or three-wheeled vehicles, and public transit users; and

(2) an analysis of speed limit reductions and associated roadway design modifications to support safety and mobility in active transportation.

Sec. 44. Minnesota Statutes 2022, section 216E.02, subdivision 1, is amended to read:

Subdivision 1. **Policy.** The legislature hereby declares it to be the policy of the state to locate large electric power facilities and high voltage transmission lines in an orderly manner compatible with environmental preservation and the efficient use of resources. In accordance with this policy the commission shall choose locations that minimize adverse human and environmental impact while insuring continuing electric power system reliability and integrity and insuring that electric energy needs are met and fulfilled in an orderly and timely fashion.

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

Sec. 45. Minnesota Statutes 2023 Supplement, section 219.015, subdivision 2, is amended to read:

Subd. 2. **Railroad company assessment; account; appropriation.** (a) As provided in this subdivision, the commissioner must annually assess railroad companies that are (1) defined as common carriers under section 218.011; (2) classified by federal law or regulation as Class I Railroads, Class I Rail Carriers, Class II Railroads, or Class II Rail Carriers; and (3) operating in this state.

(b) The assessment must be calculated to allocate state rail safety inspection program costs proportionally among carriers based on route miles operated in Minnesota at the time of assessment. The commissioner must include in the assessment calculation all state rail safety inspection program costs to support up to six rail safety inspector positions, including but not limited to salary, administration, supervision, travel, equipment, training, and ongoing state rail inspector duties.

(c) The assessments collected under this subdivision must be deposited in a state rail safety inspection account, which is established in the special revenue fund. The account consists of funds provided by this subdivision and section 221.0255 and any other money donated, allotted, transferred, or otherwise provided to the account. Money in the account is annually appropriated to the commissioner to administer the state rail safety inspection program and for costs under section 221.0255.

Sec. 46. **[219.382] WAYSIDE DETECTOR SYSTEMS.**

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

(b) "Hazardous substance" has the meaning given in section 219.055, subdivision 1, paragraph (e).

(c) "Wayside detector system" means one or more electronic devices that: (1) perform automated scanning of passing trains, rolling stock, and on-track equipment to detect defects or precursors to defects in equipment or component parts; and (2) provide notification to individuals of a defect or precursor to a defect.

Subd. 2. **Application.** The requirements in this section apply to:

(1) a Class I railroad; and

(2) a Class II railroad or Class III railroad when transporting a hazardous substance at a speed that exceeds ten miles per hour.

Subd. 3. **Wayside detector system requirements.** (a) A railroad must maintain operational wayside detector systems located at intervals of:

(1) at least every ten miles of mainline track in the state; or

(2) at least every 15 miles of mainline track in the state if necessary due to the natural terrain.

(b) A wayside detector system under this section must include a hot bearings detector and a dragging equipment detector.

Subd. 4. **Defect notifications.** Promptly after a wayside detector system provides a notification regarding a defect, the railroad must:

(1) stop the train in accordance with the railroad's applicable safety procedures;

(2) inspect the location of the defect from a position on the ground;

(3) if the inspection indicates that the train is not safe for movement, make necessary repairs prior to movement;

(4) if the inspection indicates that the train is safe for movement or if repairs are performed under clause (3):

(i) proceed at a speed that does not exceed (A) 30 miles per hour if the train is not transporting a hazardous substance, or (B) ten miles per hour if the train is transporting a hazardous substance; and

(ii) remove and set out any defective car at the earliest opportunity; and

(5) provide for the train crew to prepare a written inspection report and submit it to the appropriate personnel within the railroad.

Subd. 5. **Report to commissioner.** By January 15 annually, a railroad that is subject to this section must submit a report to the commissioner on wayside detector systems installed in this state. At a minimum, the report must include:

(1) an overview of each wayside detector system, which must include:

(i) its type and primary characteristics;

(ii) the nearest milepost number, latitude and longitude coordinates, or other information that specifically identifies its location; and

(iii) a review of the operational status of the hot bearings detector and the dragging equipment detector throughout the prior 12 months; and

(2) other information on wayside detector systems as required by the commissioner.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 47. **[219.5505] TRAIN LENGTH.**

Subdivision 1. **Definition.** For purposes of this section, "railroad" means a common carrier that is classified by federal law or regulation as a Class I railroad, Class II railroad, or Class III railroad.

Subd. 2. **Maximum length.** A railroad must not operate a train in this state that has a total length in excess of 8,500 feet.

Subd. 3. **Penalty.** (a) A railroad that violates this section is subject to a penalty of:

(1) not less than \$1,000 or more than \$5,000 for a first offense;

(2) not less than \$5,000 or more than \$10,000 for a second offense committed within three years of the first offense; and

(3) not less than \$25,000 for a third or subsequent offense committed within three years of the first offense.

(b) The commissioner of transportation may enforce this section in a civil action before a judge of a county in which the violation occurs.

(c) Fines collected under this section must be deposited in the state rail safety inspection account in the special revenue fund.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to violations committed on or after that date.

Sec. 48. **[219.756] YARDMASTER HOURS OF SERVICE.**

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

(b) "Railroad" means a common carrier that is classified by federal law or regulation as Class I railroad, Class II railroad, or Class III railroad.

(c) "Yardmaster" means an employee of a common carrier who is responsible for supervising and coordinating the control of trains and engines operating within a railyard, not including a dispatching service employee, signal employee, or train employee as those terms are defined in United States Code, title 49, section 21101.

Subd. 2. **Hours of service.** (a) A railroad operating in this state must not require or allow a yardmaster to remain or go on duty:

(1) in any month when the employee has spent a total of 276 hours on duty or in any other mandatory service for the carrier;

(2) for a period exceeding 12 consecutive hours; and

(3) unless the employee has had at least ten consecutive hours off duty during the prior 24 hours.

(b) A railroad operating in this state must not require or allow a yardmaster to remain or go on duty after the employee has initiated an on-duty period each day for six consecutive days unless the employee has had 48 consecutive hours off at the employee's home terminal, during which time the employee is unavailable for any service.

EFFECTIVE DATE. This section is effective August 1, 2024.

Sec. 49. Minnesota Statutes 2022, section 221.0255, subdivision 4, is amended to read:

Subd. 4. **Motor carrier of railroad employees; requirements.** (a) The motor carrier of railroad employees must implement a policy that provides for annual training and certification of the operator in:

- (1) safe operation of the vehicle transporting railroad employees;
- (2) knowing and understanding relevant laws, rules of the road, and safety policies;
- (3) handling emergency situations;
- (4) proper use of seat belts;
- (5) performance of pretrip and posttrip vehicle inspections, and inspection record keeping; and
- (6) proper maintenance of required records.

(b) The motor carrier of railroad employees must:

(1) confirm that the person is not disqualified under subdivision 6, by performing a criminal background check of the operator, which must include:

(i) a criminal history check of the state criminal records repository; and

(ii) if the operator has resided in Minnesota less than five years, a criminal history check from each state of residence for the previous five years;

(2) annually verify the operator's driver's license;

(3) document meeting the requirements in this subdivision, which must include maintaining at the carrier's business location:

(i) a driver qualification file on each operator who transports passengers under this section; and

(ii) records of pretrip and posttrip vehicle inspections as required under subdivision 3, paragraph (a), clause (3);

(4) maintain liability insurance in a minimum amount of \$5,000,000 regardless of the seating capacity of the vehicle;

(5) maintain uninsured and underinsured coverage in a minimum amount of ~~\$1,000,000~~ \$5,000,000; and

(6) ensure inspection of each vehicle operated under this section as provided under section 169.781.

(c) A driver qualification file under paragraph (b), clause (3), must include:

(1) a copy of the operator's most recent medical examiner's certificate;

(2) a copy of the operator's current driver's license;

(3) documentation of annual license verification;

- (4) documentation of annual training;
- (5) documentation of any known violations of motor vehicle or traffic laws; and
- (6) responses from previous employers, if required by the current employer.

(d) The driver qualification file must be retained for one year following the date of separation of employment of the driver from the carrier. A record of inspection under paragraph (b), clause (3), item (ii), must be retained for one year following the date of inspection.

(e) If a party contracts with the motor carrier on behalf of the railroad to transport the railroad employees, then the insurance requirements may be satisfied by either that party or the motor carrier, so long as the motor carrier is a named insured or additional insured under any policy.

EFFECTIVE DATE. This section is effective August 1, 2024.

Sec. 50. Minnesota Statutes 2022, section 221.0255, subdivision 9, is amended to read:

Subd. 9. **Inspection and investigation authority.** (a) Upon receipt of a complaint form or other information alleging a violation of this section, the commissioner must investigate the relevant matter. Representatives of the Department of Transportation and the State Patrol have the authority to enter, at a reasonable time and place, any vehicle or facility of the carrier for purposes of complaint investigations, random inspections, safety reviews, audits, or accident investigations.

(b) Failure of a railroad or motor carrier of railroad employees to permit a complaint investigation under this subdivision is grounds for issuance of a civil penalty under subdivision 10.

EFFECTIVE DATE. This section is effective August 1, 2024.

Sec. 51. Minnesota Statutes 2022, section 221.0255, is amended by adding a subdivision to read:

Subd. 10. **Civil penalty.** (a) After completion of an investigation or as provided in subdivision 9, paragraph (b), the commissioner may issue a civil penalty to a railroad or motor carrier of railroad employees that violates this section. A civil penalty issued under this paragraph is in the amount of:

- (1) not less than \$200 but not more than \$500 for a first offense;
- (2) not less than \$500 but not more than \$1,000 for a second offense; and
- (3) not less than \$1,000 but not more than \$5,000 for a third or subsequent offense committed within three years of the first offense.

(b) The civil penalty amounts identified under paragraph (a) are for all violations identified in a single investigation and are not per violation.

(c) The recipient of a civil penalty under this subdivision has 30 days to notify the commissioner in writing of intent to contest the civil penalty. If within 30 days after receiving the civil penalty the recipient fails to notify the commissioner of intent to contest the penalty, the civil penalty is not subject to further review.

(d) Civil penalties assessed under this subdivision are subject to chapter 14 and may be recovered in a civil action.

(e) Civil penalties collected under this section must be deposited in the state rail safety inspection account in the special revenue fund.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to violations committed on or after that date.

Sec. 52. **[325F.661] SALE OF ELECTRIC-ASSISTED BICYCLES AND POWERED CYCLES.**

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

(b) "Class 1 electric-assisted bicycle," "class 2 electric-assisted bicycle," and "class 3 electric-assisted bicycle" have the meanings given in section 169.011, subdivisions 15a, 15b, and 15c.

(c) "Electric-assisted bicycle" has the meaning given in section 169.011, subdivision 27.

(d) "Multiple mode electric-assisted bicycle" has the meaning given in section 169.011, subdivision 45a.

(e) "Powered cycle" means a vehicle that has an electric motor, has fewer than four wheels, and:

(1) does not meet all of the requirements of an electric-assisted bicycle as sold or due to modification by any person; or

(2) is designed, manufactured, or intended by the manufacturer or seller to be easily configured so as not to meet all of the requirements of an electric-assisted bicycle, whether by a mechanical switch or button, by changing a setting in software controlling the drive system, by use of an app, or through any other means intended by the manufacturer or seller.

A vehicle that meets the requirements of a powered cycle is not an electric-assisted bicycle.

Subd. 2. **Electric-assisted bicycle.** Before a purchase is completed, a seller of an electric-assisted bicycle must disclose to a consumer in written form:

(1) the maximum motor power of the electric-assisted bicycle;

(2) the maximum speed of the electric-assisted bicycle, as evaluated using a test method matching the criteria specified in Code of Federal Regulations, title 16, section 1512.2(a)(2), or successor requirements; and

(3) whether the electric-assisted bicycle is a class 1, class 2, class 3, or multiple mode electric-assisted bicycle.

Subd. 3. **Powered cycle.** (a) A seller of a new powered cycle may not sell the vehicle or offer the vehicle for sale if it is labeled as a class 1, class 2, class 3, or multiple mode electric-assisted bicycle.

(b) Before a purchase is completed and in any advertising materials, a seller of a new powered cycle who describes the vehicle as an "electric bicycle," "electric bike," "e-bike," or other similar term must disclose to a consumer:

(1) the name or classification of the vehicle under state law or the most likely classification following an intended or anticipated vehicle modification; and

(2) the following statement:

"This vehicle is not an "electric-assisted bicycle" as defined in Minnesota law. It is instead a type of motor vehicle and subject to applicable motor vehicle laws if used on public roads or public lands. Your insurance policies might not provide coverage for crashes involving the use of this vehicle. To determine coverage, you should contact your insurance company or agent."

(c) Advertising materials under paragraph (b) include but are not limited to a website or social media post that identifies or promotes the vehicle.

(d) The disclosure under paragraph (b) must be (1) written, and (2) provided clearly and conspicuously and in a manner designed to attract the attention of a consumer.

Subd. 4. **Unlawful practices.** It is an unlawful practice under section 325F.69 to advertise, offer for sale, or sell a powered cycle:

(1) as an electric-assisted bicycle; or

(2) using the words "electric bicycle," "electric bike," "e-bike," or other similar term without providing the disclosure required under subdivision 3.

Sec. 53. Minnesota Statutes 2022, section 473.13, is amended by adding a subdivision to read:

Subd. 6. **Transportation financial review.** (a) By April 1 annually, the council must prepare and submit a financial review in consultation with the commissioner of management and budget that details revenue and expenditures for the transportation components under the council's budget. The council must submit the financial review to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over transportation policy and finance.

(b) At a minimum, the financial review must identify:

(1) the actual revenues, expenditures, transfers, reserves, and balances in each of the previous four budget years;

(2) budgeted and forecasted revenues, expenditures, transfers, reserves, and balances in the current year and each budget year within the state forecast period;

(3) for the most recent completed budget year, a comparison between the budgeted and actual amounts under clause (1); and

(4) for the most recent completed budget year, fund balances for each replacement service provider under section 473.388.

(c) The information under paragraph (b), clauses (1) to (3), must include:

(1) a breakout for each transportation funding source identified by the council;

(2) a breakout for each transportation operating budget category established by the council, including but not limited to bus, light rail transit, commuter rail, planning, special transportation service under section 473.386, and assistance to replacement service providers under section 473.388; and

(3) data for operations, capital maintenance, and transit capital.

(d) The financial review must summarize reserve policies, identify the methodology for cost allocation, and describe revenue assumptions and variables affecting the assumptions.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 54. Minnesota Statutes 2022, section 473.388, is amended by adding a subdivision to read:

Subd. 9. **Bus procurement.** (a) For purposes of this subdivision:

(1) "qualified transit bus" has the meaning given in section 473.3927, subdivision 1a;

(2) "special transportation service" has the meaning given in section 174.29, subdivision 1; and

(3) "zero-emission transit bus" has the meaning given in section 473.3927, subdivision 1a.

(b) Beginning on January 1, 2030, at least 50 percent of the qualified transit buses annually purchased for regular route transit service or special transportation service by a recipient of financial assistance under this section must be a zero-emission transit bus.

(c) Beginning on January 1, 2035, any qualified transit bus purchased for regular route transit service or special transportation service by a recipient of financial assistance under this section must be a zero-emission transit bus.

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

Sec. 55. Minnesota Statutes 2022, section 473.3927, is amended to read:

473.3927 ZERO-EMISSION AND ELECTRIC TRANSIT VEHICLES.

Subdivision 1. **Transition plan required.** (a) The council must develop and maintain a zero-emission and electric transit vehicle transition plan.

(b) The council must ~~complete the initial~~ revise the plan by February 15, ~~2022~~ 2025, and revise the plan at least once every ~~five~~ three years following each prior revision.

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

(b) "Greenhouse gas emissions" includes those emissions described in section 216H.01, subdivision 2.

(c) "Qualified transit bus" means a motor vehicle that meets the requirements under paragraph (d), clauses (1) and (2).

(d) "Zero-emission transit bus" means a motor vehicle that:

(1) is designed for public transit service;

(2) has a capacity of more than 15 passengers, including the driver; and

(3) produces no exhaust-based greenhouse gas emissions from the onboard source of motive power of the vehicle under all operating conditions.

Subd. 2. **Plan development.** At a minimum, the plan must:

(1) establish ~~implementation~~ policies and, guidance, and recommendations to implement the transition to a transit service fleet of exclusively zero-emission and electric transit vehicles, including for recipients of financial assistance under section 473.388;

(2) align with the requirements under subdivision 4 and section 473.388, subdivision 9;

(3) consider methods for transit providers to maximize greenhouse gas reduction in addition to zero-emission transit bus procurement, including but not limited to service expansion, reliability improvements, and other transit service improvements;

(4) analyze greenhouse gas emission reduction from transit improvements identified under clause (3) in comparison to zero-emission transit bus procurement;

(5) set transition milestones or performance measures, or both, which may include vehicle procurement goals over the transition period;

~~(3)~~ (6) identify barriers, constraints, and risks, and determine objectives and strategies to address the issues identified;

~~(4)~~ (7) consider findings and best practices from other transit agencies;

~~(5)~~ (8) analyze zero-emission and electric transit vehicle technology impacts, including cold weather operation and emerging technologies;

(9) prioritize deployment of zero-emission transit buses based on the extent to which service is provided to environmental justice areas, as defined in section 116.065, subdivision 1;

~~(6)~~ (10) consider opportunities to prioritize the deployment of zero-emissions vehicles in areas with poor air quality;

(11) consider opportunities to prioritize deployment of zero-emission transit buses along arterial and highway bus rapid transit routes, including methods to maximize cost effectiveness with bus rapid transit construction projects;

~~(7)~~ (12) provide detailed estimates of implementation costs to implement the plan and meet the requirements under subdivision 4 and section 473.388, subdivision 9, which, to the extent feasible, must include a forecast of annual expenditures, identification of potential sources of funding, and a summary of any anticipated or planned activity to seek additional funds; and

~~(8)~~ (13) examine capacity, constraints, and potential investments in the electric transmission and distribution grid, in consultation with appropriate public utilities;

(14) identify methods to coordinate necessary facility upgrades in a manner that maximizes cost effectiveness and overall system reliability;

(15) examine workforce impacts under the transition plan, including but not limited to changes in staffing complement; personnel skill gaps and needs; and employee training, retraining, or role transitions; and

(16) summarize updates to the plan from the most recent version.

Subd. 3. **Copy to legislature.** Upon completion or revision of the plan, the council must provide a copy to the chairs, ranking minority members, and staff of the legislative committees with jurisdiction over transportation policy and finance.

Subd. 4. **Bus procurement.** (a) Beginning on January 1, 2030, at least 50 percent of the qualified transit buses annually purchased for regular route transit service or special transportation service under section 473.386 by the council must be a zero-emission transit bus.

(b) Beginning on January 1, 2035, any qualified transit bus purchased for regular route transit service or special transportation service under section 473.386 by the council must be a zero-emission transit bus.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 56. Minnesota Statutes 2023 Supplement, section 473.4051, is amended by adding a subdivision to read:

Subd. 4. **Bus rapid transit project infrastructure.** (a) The council must design, construct, and fully fund the following elements of all bus rapid transit projects, regardless of the project's scope: (1) sidewalk curb ramps and signals meeting the most current Americans with Disabilities Act standards at all intersection quadrants in intersections affected by construction of a bus rapid transit station; and (2) transit priority infrastructure, including but not limited to red transit pavement marking and traffic signal modifications.

(b) Intersections impacted by the requirements under paragraph (a) must include infrastructure serving the bus rapid transit station from the opposite side of a street or from a nonadjacent mid-block location. This paragraph must be construed to require full and complete intersection upgrades to the most current Americans with Disabilities Act design standards, notwithstanding any conflicting or lesser minimum requirements or suggestions set forth in separate laws, regulations, advisories, or other published Americans with Disabilities Act materials.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment for projects that first commence construction on or after that date. This section applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 57. **COMMUNITY ROADSIDE LANDSCAPE PARTNERSHIPS.**

Subject to available funds, the commissioner of transportation must assess and undertake methods to improve and expand the Department of Transportation's community roadside landscape partnership program, including:

(1) identifying and evaluating locations for partnership opportunities throughout the state where there is high traffic volume and minimal existing vegetation coverage in the form of trees or large shrubs;

(2) performing outreach and engagement about the program with eligible community partners;

(3) prioritizing roadsides where vegetation could reduce neighborhood noise impacts or improve aesthetics for neighborhoods that border interstate highways without regard to whether there are existing noise walls; and

(4) analyzing methods to include cost sharing between the department and participating community partners for ongoing landscape maintenance.

Sec. 58. **REVISOR INSTRUCTION.**

The revisor of statutes must recodify Minnesota Statutes, section 169.21, subdivision 6, as Minnesota Statutes, section 171.0701, subdivision 1b. The revisor must correct any cross-references made necessary by this recodification.

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

Sec. 59. **REVISOR INSTRUCTION.**

The revisor of statutes must recodify Minnesota Statutes, section 473.3927, subdivision 1, as Minnesota Statutes, section 473.3927, subdivision 1b. The revisor must correct any cross-references made necessary by this recodification.

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

Sec. 60. **REPEALER.**

(a) Minnesota Statutes 2022, section 168.1297, is repealed.

(b) Minnesota Rules, part 7410.6180, is repealed.

EFFECTIVE DATE. Paragraph (b) is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to transportation; appropriating money for a supplemental budget for the Department of Transportation, Department of Public Safety, and the Metropolitan Council; modifying prior appropriations; modifying various transportation- and public safety-related provisions, including but not limited to an intensive driver testing program, greenhouse gas emissions, electric-assisted bicycles, high voltage transmission, railroad safety, and transit; establishing civil penalties; establishing an advisory committee; amending Minnesota Statutes 2022, sections 13.6905, by adding a subdivision; 161.14, by adding subdivisions; 161.45, by adding subdivisions; 161.46, subdivision 1; 168.09, subdivision 7; 168.092; 168.301, subdivision 3; 168A.10, subdivision 2; 168A.11, subdivision 1; 169.011, by adding subdivisions; 169.21, subdivision 6; 169.222, subdivisions 6a, 6b; 169A.55, subdivision 4; 171.306, subdivisions 1, 8; 174.02, by adding a subdivision; 174.75, subdivisions 1, 2, by adding a subdivision; 216E.02, subdivision 1; 221.0255, subdivisions 4, 9, by adding a subdivision; 473.13, by adding a subdivision; 473.388, by adding a subdivision; 473.3927; Minnesota Statutes 2023 Supplement, sections 161.178; 161.46, subdivision 2; 168.1259, subdivision 5; 169.011, subdivision 27; 169A.44, subdivision 1; 171.0705, subdivision 2; 171.13, subdivision 1; 174.38, subdivisions 3, 6; 174.634, subdivision 2, by adding a subdivision; 219.015, subdivision 2; 473.4051, by adding a subdivision; Laws 2021, First Special Session chapter 5, article 1, section 2, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 161; 168; 169; 171; 174; 219; 325F; repealing Minnesota Statutes 2022, section 168.1297; Minnesota Rules, part 7410.6180."

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

The report was adopted.

Sec. 3. **DISTRICT COURTS****\$15,185,000****\$16,815,000**(a) **Expanded Access to Forensic Examiners**

\$13,082,000 in fiscal year 2024 and \$13,237,000 in fiscal year 2025 are to meet the increased demand for psychological examinations in criminal and civil commitment cases. These appropriations are onetime and are available until June 30, 2027.

(b) **Forensic Examiner Rate Increase**

\$1,070,000 in fiscal year 2025 is to raise examiner payment rates.

(c) **Court Interpreter Deficit**

\$1,290,000 each year is to address the current deficit in Minnesota's court interpreter program. The base for this appropriation is \$0 beginning in fiscal year 2026.

(d) **Court Interpreter Rate Increase**

\$235,000 in fiscal year 2025 is to raise payment rates for certified court interpreters.

(e) **Court Interpreter Paid Travel Time**

\$170,000 in fiscal year 2025 is to reimburse certified court interpreters for travel time.

(f) **Jury Program Deficit**

\$788,000 each year is to address the current deficit in Minnesota's jury program. The base for this appropriation is \$0 beginning in fiscal year 2026.

(g) **Trauma Services for Jurors**

\$25,000 each year is to provide vicarious trauma services for jurors.

Sec. 4. **STATE BOARD OF CIVIL LEGAL AID.**

The general fund appropriation base for the State Board of Civil Legal Aid is \$34,167,000 beginning in fiscal year 2026 for staffing and other costs needed to establish and perform the duties of the State Board of Civil Legal Aid.

Sec. 5. Laws 2023, chapter 52, article 1, section 2, subdivision 3, is amended to read:

Subd. 3. **Civil Legal Services**

33,560,000

33,560,000

The general fund base is ~~\$34,167,000~~ \$0 beginning in fiscal year 2026.

Legal Services to Low-Income Clients in Family Law Matters

\$1,017,000 each year is to improve the access of low-income clients to legal representation in family law matters. This appropriation must be distributed under Minnesota Statutes, section 480.242, to the qualified legal services program described in Minnesota Statutes, section 480.242, subdivision 2, paragraph (a). Any unencumbered balance remaining in the first year does not cancel and is available in the second year.

Sec. 6. EFFECTIVE DATE.

This article is effective the day following final enactment.

ARTICLE 2
STATE BOARD OF CIVIL LEGAL AID

Section 1. Minnesota Statutes 2022, section 480.24, subdivision 2, is amended to read:

Subd. 2. **Eligible client.** "Eligible client" means an individual that is financially unable to afford legal assistance, as determined by a recipient on the basis of eligibility guidelines established by the ~~supreme court~~ State Board of Civil Legal Aid pursuant to section 480.243, subdivision 1.

Sec. 2. Minnesota Statutes 2022, section 480.24, subdivision 4, is amended to read:

Subd. 4. **Recipient.** "Recipient" means a qualified legal services program that receives funds ~~from the supreme court~~ pursuant to section 480.242 to provide legal services to eligible clients.

Sec. 3. [480.2415] STATE BOARD OF CIVIL LEGAL AID.

Subdivision 1. **Structure; membership.** (a) The State Board of Civil Legal Aid is a part of but is not subject to the administrative control of the judicial branch of government.

(b) The board shall consist of 11 members as follows:

(1) six members appointed by the supreme court; and

(2) five members appointed by the governor.

(c) All candidates shall have demonstrated a commitment in maintaining high-quality civil legal services to people of low or moderate means. The appointing entities shall seek board members who reflect the diverse populations served by civil legal aid through attorney and nonattorney members.

(d) The appointing entities may not appoint an active judge to be a member of the board, but may appoint a retired judge. The appointing entities may not appoint a person who is closely affiliated with any entity awarded funding pursuant to section 480.242 or any entity seeking funding pursuant to section 480.242. The board may set term limits for board members. An appointing authority may not make an appointment that exceeds the term limits established by the board.

(e) The terms, compensation, and removal of board members shall be as provided in section 15.0575, except that the board may establish a per diem in excess of the amount provided in law. The members shall elect the chair from among the membership for a term of two years.

Subd. 2. **Duties and responsibilities.** (a) The State Board of Civil Legal Aid shall work to ensure access to high-quality civil legal services in every Minnesota county.

(b) The board shall:

(1) approve and recommend to the legislature a budget for the board and the civil legal services grants distributed subject to section 480.242;

(2) establish procedures for distribution of funding under section 480.242; and

(3) establish civil program standards, administrative policies, or procedures necessary to ensure quality advocacy for persons unable to afford private counsel.

(c) The board may propose statutory changes to the legislature and rule changes to the supreme court that are in the best interests of persons unable to afford private counsel.

(d) The board shall not interfere with the discretion or judgment of civil legal services programs in their advocacy.

Subd. 3. **State civil legal aid program administrator.** The State Board of Civil Legal Aid shall appoint a program administrator who serves at the pleasure of the board. The program administrator is not required to be licensed to practice law. The program administrator shall attend all meetings of the board, but may not vote, and shall:

(1) carry out all administrative functions necessary for the efficient and effective operation of the board and the civil legal aid delivery system, including but not limited to hiring, supervising, and disciplining program staff;

(2) implement, as necessary, resolutions, standards, rules, regulations, and policies of the board;

(3) keep the board fully advised as to its financial condition, and prepare and submit to the board the annual program and State Board of Civil Legal Aid budget and other financial information as requested by the board;

(4) recommend to the board the adoption of rules and regulations necessary for the efficient operation of the board and the civil legal aid program; and

(5) perform other duties prescribed by the board.

Subd. 4. **Administration.** The board may contract for administrative support services.

Subd. 5. **Access to records.** Access to records of the State Board of Civil Legal Aid is subject to the Rules of Public Access for Records of the Judicial Branch, excluding the appeals process in rule 9. Pursuant to section 13.90, the board is not subject to chapter 13.

Sec. 4. Minnesota Statutes 2022, section 480.242, subdivision 2, is amended to read:

Subd. 2. **Review of applications; selection of recipients.** At times and in accordance with any procedures as the supreme court adopts in the form of court rules adopted by the State Board of Civil Legal Aid, applications for the expenditure of civil legal services funds shall be accepted from qualified legal services programs or from local

government agencies and nonprofit organizations seeking to establish qualified alternative dispute resolution programs. The applications shall be reviewed by the ~~advisory committee, and the advisory committee, subject to review by the supreme court~~ State Board of Civil Legal Aid, which shall distribute the funds available for this expenditure to qualified legal services programs or to qualified alternative dispute resolution programs submitting applications. The funds shall be distributed in accordance with the following formula:

(a) Eighty-five percent of the funds distributed shall be distributed to qualified legal services programs that have demonstrated an ability as of July 1, 1982, to provide legal services to persons unable to afford private counsel with funds provided by the federal Legal Services Corporation. The allocation of funds among the programs selected shall be based upon the number of persons with incomes below the poverty level established by the United States Census Bureau who reside in the geographical area served by each program, as determined by the ~~supreme court~~ State Board of Civil Legal Aid on the basis of the most recent national census. All funds distributed pursuant to this clause shall be used for the provision of legal services in civil and farm legal assistance matters as prioritized by program boards of directors to eligible clients.

(b) Fifteen percent of the funds distributed may be distributed (1) to other qualified legal services programs for the provision of legal services in civil matters to eligible clients, including programs which organize members of the private bar to perform services and programs for qualified alternative dispute resolution, (2) to programs for training mediators operated by nonprofit alternative dispute resolution corporations, or (3) to qualified legal services programs to provide family farm legal assistance for financially distressed state farmers. The family farm legal assistance must be directed at farm financial problems including, but not limited to, liquidation of farm property including bankruptcy, farm foreclosure, repossession of farm assets, restructuring or discharge of farm debt, farm credit and general debtor-creditor relations, and tax considerations. If all the funds to be distributed pursuant to this clause cannot be distributed because of insufficient acceptable applications, the remaining funds shall be distributed pursuant to clause (a).

A person is eligible for legal assistance under this section if the person is an eligible client as defined in section 480.24, subdivision 2, or:

- (1) is a state resident;
- (2) is or has been a farmer or a family shareholder of a family farm corporation within the preceding 24 months;
- (3) has a debt-to-asset ratio greater than 50 percent; and
- (4) satisfies the income eligibility guidelines established under section 480.243, subdivision 1.

Qualifying farmers and small business operators whose bank loans are held by the Federal Deposit Insurance Corporation are eligible for legal assistance under this section.

Sec. 5. Minnesota Statutes 2022, section 480.242, subdivision 3, is amended to read:

Subd. 3. **Timing of distribution of funds.** The funds to be distributed to recipients selected in accordance with the provisions of subdivision 2 shall be distributed by the ~~supreme court~~ State Board of Civil Legal Aid no less than twice per calendar year.

Sec. 6. Minnesota Statutes 2022, section 480.243, subdivision 1, is amended to read:

Subdivision 1. **Committee eligibility guidelines.** ~~The supreme court, with the advice of the advisory committee,~~ State Board of Civil Legal Aid shall establish guidelines ~~in the form of court rules~~ to be used by recipients to determine the eligibility of individuals and organizations for legal services provided with funds received pursuant to section 480.242. The guidelines shall be designed solely to assist recipients in determining whether an individual or organization is able to afford or secure legal assistance from private counsel with respect to the particular matter for which assistance is requested.

Sec. 7. **STATE BOARD OF CIVIL LEGAL AID; STAFF.**

Staff currently employed to support the advisory committee created pursuant to Minnesota Statutes, section 480.242, shall transfer to the State Board of Civil Legal Aid upon the effective date consistent with Minnesota Statutes, section 15.039, subdivision 7.

Sec. 8. **REPEALER.**

Minnesota Statutes 2022, section 480.242, subdivision 1, is repealed.

Sec. 9. **EFFECTIVE DATE.**

Sections 1 to 8 are effective on July 1, 2025.

ARTICLE 3 SAFE AT HOME

Section 1. Minnesota Statutes 2022, section 5B.02, is amended to read:

5B.02 DEFINITIONS.

(a) For purposes of this chapter and unless the context clearly requires otherwise, the definitions in this section have the meanings given them.

(b) "Address" means an individual's work address, school address, or residential street address, as specified on the individual's application to be a program participant under this chapter.

(c) "Applicant" means an adult, a parent or guardian acting on behalf of an eligible minor, or a guardian acting on behalf of an incapacitated person, as defined in section 524.5-102.

(d) "Domestic violence" means an act as defined in section 518B.01, subdivision 2, paragraph (a), and includes a threat of such acts committed against an individual in a domestic situation, regardless of whether these acts or threats have been reported to law enforcement officers.

(e) "Eligible person" means an adult, a minor, or an incapacitated person, as defined in section 524.5-102 for whom there is good reason to believe (1) that the eligible person is a victim of domestic violence, sexual assault, or harassment or stalking, or (2) that the eligible person fears for the person's safety, the safety of another person who resides in the same household, or the safety of persons on whose behalf the application is made. In order to be an eligible person, an individual must reside in Minnesota ~~in order to be an eligible person~~ or must certify that the individual intends to reside in Minnesota within 60 days. A person registered or required to register as a predatory offender under section 243.166 or 243.167, or the law of another jurisdiction, is not an eligible person.

(f) "Mail" means first class letters and flats delivered via the United States Postal Service, including priority, express, and certified mail, and excluding (1) periodicals and catalogues, and (2) packages and parcels unless they are clearly identifiable as nonrefrigerated pharmaceuticals or clearly indicate that they are sent by the federal government or a state or county government agency of the continental United States, Hawaii, District of Columbia, or United States territories.

(g) "Program participant" means an individual certified as a program participant under section 5B.03.

(h) "Harassment" or "stalking" means acts criminalized under section 609.749 and includes a threat of such acts committed against an individual, regardless of whether these acts or threats have been reported to law enforcement officers.

Sec. 2. Minnesota Statutes 2022, section 5B.03, subdivision 3, is amended to read:

Subd. 3. **Certification.** (a) Upon filing a completed application, the secretary of state shall certify the eligible person as a program participant. Unless the program participant is not a Minnesota resident, program participants shall must be certified for four years following the date of filing unless the certification is canceled, withdrawn or invalidated before that date. Applicants from outside of Minnesota must be certified for 60 days. Upon receiving notice that the participant has moved to Minnesota, the participant must be certified for four years following the date of filing unless the certification is canceled, withdrawn, or invalidated before that date. The secretary of state shall by rule establish a renewal procedure.

(b) Certification under this subdivision is for the purpose of participation in the confidentiality program established under this chapter only. Certification must not be used as evidence or be considered for any purpose in any civil, criminal, or administrative proceeding related to the behavior or actions giving rise to the application under subdivision 1.

Sec. 3. Minnesota Statutes 2022, section 5B.04, is amended to read:

5B.04 CERTIFICATION CANCELLATION.

(a) If the program participant obtains a legal change of identity, the participant loses certification as a program participant.

(b) The secretary of state may cancel a program participant's certification if there is a change in the program participant's legal name or contact information, unless the program participant or the person who signed as the applicant on behalf of an eligible person provides the secretary of state with prior notice in writing of the change.

(c) The secretary of state may cancel certification of a program participant if mail forwarded by the secretary to the program participant's address is returned as nondeliverable.

(d) The secretary of state may cancel a program participant's certification if the program participant is no longer an eligible person.

(e) The secretary of state shall cancel certification of a program participant who applies using false information.

(f) The secretary of state shall cancel certification of a program participant who does not reside in Minnesota within 60 days of Safe at Home certification.

Sec. 4. Minnesota Statutes 2022, section 5B.05, is amended to read:

5B.05 USE OF DESIGNATED ADDRESS.

(a) When a program participant presents the address designated by the secretary of state to any person or entity, that address must be accepted as the address of the program participant. The person ~~may~~ or entity must not require the program participant to submit any address that could be used to physically locate the participant either as a substitute or in addition to the designated address, or as a condition of receiving a service or benefit, unless the service or benefit would be impossible to provide without knowledge of the program participant's physical location. Notwithstanding a person's or entity's knowledge of a program participant's physical location, the person or entity must use the program participant's designated address for all mail correspondence with the program participant, unless the participant owns real property through a limited liability company or trust. A person or entity may only mail to an alternative address if the participant owns real property through a trust or a limited liability company and the participant has requested that the person or entity mail correspondence regarding that ownership to an alternate address.

(b) A program participant may use the address designated by the secretary of state as the program participant's work address.

(c) The Office of the Secretary of State shall forward all mail sent to the designated address to the proper program participants.

(d) If a program participant has notified a person or entity in writing, on a form prescribed by the program, that the individual is a program participant and of the requirements of this section, the person or entity must not knowingly disclose the participant's name or address identified by the participant on the notice. If identified on the notice, the ~~individual~~ person or entity receiving the notice must not knowingly disclose the program participant's name, home address, work address, or school address, unless the person to whom the address is disclosed also lives, works, or goes to school at the address disclosed, or the participant has provided written consent to disclosure of the participant's name, home address, work address, or school address for the purpose for which the disclosure will be made. This paragraph applies to the actions and reports of guardians ad litem, except that guardians ad litem may disclose the program participant's name. This paragraph does not apply to records of the judicial branch governed by rules adopted by the supreme court or government entities governed by section 13.045.

Sec. 5. Minnesota Statutes 2022, section 13.045, subdivision 3, is amended to read:

Subd. 3. Classification of identity and location data; amendment of records; sharing and dissemination.

(a) Identity and location data for which a program participant seeks protection under subdivision 2, paragraph (a), that are not otherwise classified by law as not public are private data on individuals.

(b) Notwithstanding any provision of law to the contrary, private or confidential location data on a program participant who submits a notice under subdivision 3, paragraph (a), may not be shared with any other government entity or nongovernmental entity unless:

(1) the program participant has expressly consented in writing to sharing or dissemination of the data for the purpose for which the sharing or dissemination will occur;

(2) the data are subject to sharing or dissemination pursuant to court order under section 13.03, subdivision 6;

(3) the data are subject to sharing pursuant to section 5B.07, subdivision 2;

(4) the location data related to county of residence are needed to provide public assistance or other government services, or to allocate financial responsibility for the assistance or services;

(5) the data are necessary to perform a government entity's health, safety, or welfare functions, including the provision of emergency 911 services, the assessment and investigation of child or vulnerable adult abuse or neglect, or the assessment or inspection of services or locations for compliance with health, safety, or professional standards; or

(6) the data are necessary to aid an active law enforcement investigation of the program participant.

(c) Data disclosed under paragraph (b), clauses (4) to (6), may be used only for the purposes authorized in this subdivision and may not be further disclosed to any other person or government entity. Government entities receiving or sharing private or confidential data under this subdivision shall establish procedures to protect the data from further disclosure.

(d) Real property record data are governed by subdivision 4a.

(e) Notwithstanding sections 15.17 and 138.17, a government entity may amend records to replace a participant's location data with the participant's designated address.

ARTICLE 4 RESTORATIVE PRACTICES RESTITUTION PROGRAM

Section 1. Minnesota Statutes 2022, section 260B.198, subdivision 1, is amended to read:

Subdivision 1. **Court order, findings, remedies, treatment.** (a) If the court finds that the child is delinquent, it shall enter an order making any of the following dispositions of the case which are deemed necessary to the rehabilitation of the child:

(1) counsel the child or the parents, guardian, or custodian;

(2) place the child under the supervision of a probation officer or other suitable person in the child's own home under conditions prescribed by the court including reasonable rules for the child's conduct and the conduct of the child's parents, guardian, or custodian, designed for the physical, mental, and moral well-being and behavior of the child, or with the consent of the commissioner of corrections, in a group foster care facility which is under the management and supervision of said commissioner;

(3) if the court determines that the child is a danger to self or others, subject to the supervision of the court, transfer legal custody of the child to one of the following:

(i) a child-placing agency;

(ii) the local social services agency;

(iii) a reputable individual of good moral character. No person may receive custody of two or more unrelated children unless licensed as a residential facility pursuant to sections 245A.01 to 245A.16;

(iv) a county home school, if the county maintains a home school or enters into an agreement with a county home school; or

(v) a county probation officer for placement in a group foster home established under the direction of the juvenile court and licensed pursuant to section 241.021;

(4) transfer legal custody by commitment to the commissioner of corrections;

(5) if the child is found to have violated a state or local law or ordinance which has resulted in damage to the person or property of another, the court may order the child to make reasonable restitution for such damage and may offer the child an opportunity to participate in a restorative process to satisfy the restitution obligation, where available;

(6) require the child to pay a fine of up to \$1,000. The court shall order payment of the fine in accordance with a time payment schedule which shall not impose an undue financial hardship on the child;

(7) if the child is in need of special treatment and care for reasons of physical or mental health, the court may order the child's parent, guardian, or custodian to provide it. If the parent, guardian, or custodian fails to provide this treatment or care, the court may order it provided;

(8) if the court believes that it is in the best interests of the child and of public safety that the driver's license of the child be canceled until the child's 18th birthday, the court may recommend to the commissioner of public safety the cancellation of the child's license for any period up to the child's 18th birthday, and the commissioner is hereby authorized to cancel such license without a hearing. At any time before the termination of the period of cancellation, the court may, for good cause, recommend to the commissioner of public safety that the child be authorized to apply for a new license, and the commissioner may so authorize;

(9) if the court believes that it is in the best interest of the child and of public safety that the child is enrolled in school, the court may require the child to remain enrolled in a public school until the child reaches the age of 18 or completes all requirements needed to graduate from high school. Any child enrolled in a public school under this clause is subject to the provisions of the Pupil Fair Dismissal Act in chapter 127;

(10) if the child is petitioned and found by the court to have committed a controlled substance offense under sections 152.021 to 152.027, the court shall determine whether the child unlawfully possessed or sold the controlled substance while driving a motor vehicle. If so, the court shall notify the commissioner of public safety of its determination and order the commissioner to revoke the child's driver's license for the applicable time period specified in section 152.0271. If the child does not have a driver's license or if the child's driver's license is suspended or revoked at the time of the delinquency finding, the commissioner shall, upon the child's application for driver's license issuance or reinstatement, delay the issuance or reinstatement of the child's driver's license for the applicable time period specified in section 152.0271. Upon receipt of the court's order, the commissioner is authorized to take the licensing action without a hearing;

(11) if the child is petitioned and found by the court to have committed or attempted to commit an act in violation of section 609.342; 609.343; 609.344; 609.345; 609.3451; 609.746, subdivision 1; 609.79; or 617.23, or another offense arising out of a delinquency petition based on one or more of those sections, the court shall order an independent professional assessment of the child's need for sex offender treatment. An assessor providing an assessment for the court must be experienced in the evaluation and treatment of juvenile sex offenders. If the assessment indicates that the child is in need of and amenable to sex offender treatment, the court shall include in its disposition order a requirement that the child undergo treatment. Notwithstanding section 13.384, 13.85, 144.291 to 144.298, or 260B.171, or chapter 260E, the assessor has access to the following private or confidential data on the child if access is relevant and necessary for the assessment:

(i) medical data under section 13.384;

(ii) corrections and detention data under section 13.85;

(iii) health records under sections 144.291 to 144.298;

(iv) juvenile court records under section 260B.171; and

(v) local welfare agency records under chapter 260E.

Data disclosed under this clause may be used only for purposes of the assessment and may not be further disclosed to any other person, except as authorized by law; or

(12) if the child is found delinquent due to the commission of an offense that would be a felony if committed by an adult, the court shall make a specific finding on the record regarding the juvenile's mental health and chemical dependency treatment needs.

(b) Any order for a disposition authorized under this section shall contain written findings of fact to support the disposition ordered and shall also set forth in writing the following information:

(1) why the best interests of the child are served by the disposition ordered; and

(2) what alternative dispositions were considered by the court and why such dispositions were not appropriate in the instant case. Clause (1) does not apply to a disposition under subdivision 1a.

Sec. 2. Minnesota Statutes 2022, section 260B.225, subdivision 9, is amended to read:

Subd. 9. **Juvenile major highway or water traffic offender.** If the juvenile court finds that the child is a juvenile major highway or water traffic offender, it may make any one or more of the following dispositions of the case:

(1) reprimand the child and counsel with the child and the parents;

(2) continue the case for a reasonable period under such conditions governing the child's use and operation of any motor vehicles or boat as the court may set;

(3) require the child to attend a driver improvement school if one is available within the county;

(4) recommend to the Department of Public Safety suspension of the child's driver's license as provided in section 171.16;

(5) if the child is found to have committed two moving highway traffic violations or to have contributed to a highway accident involving death, injury, or physical damage in excess of \$100, the court may recommend to the commissioner of public safety or to the licensing authority of another state the cancellation of the child's license until the child reaches the age of 18 years, and the commissioner of public safety is hereby authorized to cancel the license without hearing. At any time before the termination of the period of cancellation, the court may, for good cause, recommend to the commissioner of public safety, or to the licensing authority of another state, that the child's license be returned, and the commissioner of public safety is authorized to return the license;

(6) place the child under the supervision of a probation officer in the child's own home under conditions prescribed by the court including reasonable rules relating to operation and use of motor vehicles or boats directed to the correction of the child's driving habits;

(7) if the child is found to have violated a state or local law or ordinance and the violation resulted in damage to the person or property of another, the court may order the child to make reasonable restitution for the damage and may offer the child an opportunity to participate in a restorative process that raises funds where applicable to satisfy the restitution obligation, where available;

(8) require the child to pay a fine of up to \$1,000. The court shall order payment of the fine in accordance with a time payment schedule which shall not impose an undue financial hardship on the child;

(9) if the court finds that the child committed an offense described in section 169A.20, the court shall order that a chemical use assessment be conducted and a report submitted to the court in the manner prescribed in section 169A.70. If the assessment concludes that the child meets the level of care criteria for placement under rules adopted under section 254A.03, subdivision 3, the report must recommend a level of care for the child. The court may require that level of care in its disposition order. In addition, the court may require any child ordered to undergo an assessment to pay a chemical dependency assessment charge of \$75. The court shall forward the assessment charge to the commissioner of management and budget to be credited to the general fund. The state shall reimburse counties for the total cost of the assessment in the manner provided in section 169A.284.

Sec. 3. Minnesota Statutes 2022, section 260B.235, subdivision 4, is amended to read:

Subd. 4. **Dispositions.** If the juvenile court finds that a child is a petty offender, the court may:

- (1) require the child to pay a fine of up to \$100;
- (2) require the child to participate in a community service project;
- (3) require the child to participate in a drug awareness program;
- (4) order the child to undergo a chemical dependency evaluation and if warranted by this evaluation, order participation by the child in an outpatient chemical dependency treatment program;
- (5) place the child on probation for up to six months or, in the case of a juvenile alcohol or controlled substance offense, following a determination by the court that the juvenile is chemically dependent, the court may place the child on probation for a time determined by the court;
- (6) order the child to make restitution to the victim, which may be satisfied through participation in an available restorative process to raise funds, where applicable; or
- (7) perform any other activities or participate in any other outpatient treatment programs deemed appropriate by the court.

In all cases where the juvenile court finds that a child has purchased or attempted to purchase an alcoholic beverage in violation of section 340A.503, if the child has a driver's license or permit to drive, and if the child used a driver's license, permit, Minnesota identification card, or any type of false identification to purchase or attempt to purchase the alcoholic beverage, the court shall forward its finding in the case and the child's driver's license or permit to the commissioner of public safety. Upon receipt, the commissioner shall suspend the child's license or permit for a period of 90 days.

In all cases where the juvenile court finds that a child has purchased or attempted to purchase tobacco in violation of section 609.685, subdivision 3, if the child has a driver's license or permit to drive, and if the child used a driver's license, permit, Minnesota identification card, or any type of false identification to purchase or attempt to purchase tobacco, the court shall forward its finding in the case and the child's driver's license or permit to the commissioner of public safety. Upon receipt, the commissioner shall suspend the child's license or permit for a period of 90 days.

None of the dispositional alternatives described in clauses (1) to (6) shall be imposed by the court in a manner which would cause an undue hardship upon the child.

Sec. 4. Minnesota Statutes 2023 Supplement, section 299A.95, subdivision 5, is amended to read:

Subd. 5. **Grants.** (a) Within available appropriations, the director shall award grants to establish and support restorative practices initiatives. An approved applicant must receive a grant of up to \$500,000 each year.

(b) On an annual basis, the Office of Restorative Practices shall establish a minimum number of applications that must be received during the application process. If the minimum number of applications is not received, the office must reopen the application process.

(c) Grants may be awarded to private and public nonprofit agencies; local units of government, including cities, counties, and townships; local educational agencies; and Tribal governments. A restorative practices advisory committee may support multiple entities applying for grants based on community needs, the number of youth and families in the jurisdiction, and the number of restorative practices available to the community. Budgets supported by grant funds can include contracts with partner agencies.

(d) Applications must include the following:

(1) a list of willing restorative practices advisory committee members;

(2) letters of support from potential restorative practices advisory committee members;

(3) a description of the planning process that includes:

(i) a description of the origins of the initiative, including how the community provided input; and

(ii) an estimated number of participants to be served; and

(4) a formal document containing a project description that outlines the proposed goals, activities, and outcomes of the initiative including, at a minimum:

(i) a description of how the initiative meets the minimum eligibility requirements of the grant;

(ii) the roles and responsibilities of key staff assigned to the initiative;

(iii) identification of any key partners, including a summary of the roles and responsibilities of those partners;

(iv) a description of how volunteers and other community members are engaged in the initiative; and

(v) a plan for evaluation and data collection.

(e) In determining the appropriate amount of each grant, the Office of Restorative Practices shall consider the number of individuals likely to be served by the local restorative practices initiative.

(f) The Office of Restorative Practices may award grants to provide restitution funds that allow a victim of a juvenile offense, juvenile petty offense, or major traffic offense as defined in section 260B.225, subdivision 1, paragraph (b), committed by a juvenile to obtain monetary compensation to satisfy the restitution obligations of a child who participates in a restorative process to address harm."

Delete the title and insert:

"A bill for an act relating to judiciary; providing for funding and related policy changes to Supreme Court and district courts; establishing State Board of Civil Legal Aid; modifying Safe at Home program certification; providing for restorative process for certain acts; appropriating money; amending Minnesota Statutes 2022, sections 5B.02; 5B.03, subdivision 3; 5B.04; 5B.05; 13.045, subdivision 3; 260B.198, subdivision 1; 260B.225, subdivision 9; 260B.235, subdivision 4; 480.24, subdivisions 2, 4; 480.242, subdivisions 2, 3; 480.243, subdivision 1; Minnesota Statutes 2023 Supplement, section 299A.95, subdivision 5; Laws 2023, chapter 52, article 1, section 2, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 480; repealing Minnesota Statutes 2022, section 480.242, subdivision 1."

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

The report was adopted.

Gomez from the Committee on Taxes to which was referred:

H. F. No. 5247, A bill for an act relating to taxation; modifying property taxes, individual income and corporate franchise taxes, gross receipts taxes, and local government aids; clarifying the definition of certain attachments and appurtenances; proposing advanced payments of the child tax credit; clarifying the credit for research calculation for the gross receipts tax; modifying the effective date of a reduction in the limitation on the deductibility of net operating losses; modifying Tribal Nation aid payment dates; appropriating money; amending Minnesota Statutes 2022, sections 272.02, subdivision 19; 273.38; 273.41; 289A.08, subdivision 1; 295.53, subdivision 4a; Minnesota Statutes 2023 Supplement, sections 290.0661, subdivision 7, by adding a subdivision; 477A.40, subdivisions 4, 5; Laws 2023, chapter 64, article 1, section 44.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES

Section 1. Minnesota Statutes 2022, section 10A.02, subdivision 11b, is amended to read:

Subd. 11b. **Data privacy related to electronic reporting system.** (a) The board may develop and maintain systems to enable treasurers to enter and store electronic records online for the purpose of complying with this chapter. Data entered into such systems by treasurers or their authorized agents is not government data under chapter 13 and may not be accessed or used by the board for any purpose without the treasurer's written consent. Data from such systems that has been submitted to the board as a filed report is government data under chapter 13.

(b) For purposes of administering the refund under section 290.06, subdivision 23, the board may access or use the following data entered and stored in an electronic reporting system and share the data with the commissioner of revenue: (1) the amount of the contribution; (2) the name and address of the person requesting the refund; (3) any unique identifier for the contribution; (4) the name and campaign identification number of the party or candidate that received the contribution; and (5) the date on which the contribution was received. Data accessed, used, or maintained by the board under this paragraph is private data on individuals, as defined in section 13.02, subdivision 12.

EFFECTIVE DATE. This section is effective January 1, 2026.

Sec. 2. Minnesota Statutes 2022, section 10A.322, subdivision 4, is amended to read:

Subd. 4. **Refund receipt forms receipts; penalty.** (a) The board must make available to a political party on request and to any candidate for whom an agreement under this section is effective, ~~a supply of official electronic refund receipt forms receipts~~ that state in boldface type that:

(1) a contributor who is given a receipt ~~form~~ is eligible to claim a refund as provided in section 290.06, subdivision 23; and

(2) if the contribution is to a candidate, that the candidate has signed an agreement to limit campaign expenditures as provided in this section.

~~The forms must provide duplicate copies of the receipt to be attached to the contributor's claim. An electronic receipt must only be issued for a contribution of \$10 or more. Each receipt must include a unique receipt validation number that allows the commissioner of revenue to verify the information on the receipt with the Campaign Finance Board. A political party or candidate may provide a printed copy of the electronic receipt to the contributor.~~

(b) At least once a week, the board must provide the commissioner of revenue a receipt validation report. For each contribution reported to the board during the week, the report must include:

(1) the date and amount of the contribution;

(2) the name and address of the contributor;

(3) the name and campaign identification number of the party or candidate that received the contribution; and

(4) the receipt validation number assigned to the contribution.

~~(c)~~ (c) The willful issuance of an official refund receipt ~~form or a facsimile of one~~ to any of the candidate's contributors by a candidate or treasurer of a candidate who did not sign an agreement under this section is subject to a civil penalty of up to \$3,000 imposed by the board.

~~(d)~~ (d) The willful issuance of an official refund receipt ~~form or a facsimile~~ to an individual not eligible to claim a refund under section 290.06, subdivision 23, is subject to a civil penalty of up to \$3,000 imposed by the board.

~~(e)~~ (e) A violation of paragraph ~~(b)~~ (c) or ~~(d)~~ (d) is a misdemeanor.

(f) A receipt validation report and a receipt validation number prepared pursuant to this section are private data on individuals, as defined in section 13.02, subdivision 12.

EFFECTIVE DATE. This section is effective for contributions made after December 31, 2025.

Sec. 3. Minnesota Statutes 2023 Supplement, section 41B.0391, subdivision 4, is amended to read:

Subd. 4. **Authority duties.** (a) The authority shall:

(1) approve and certify or recertify beginning farmers as eligible for the program under this section;

(2) approve and certify or recertify owners of agricultural assets as eligible for the tax credit under subdivision 2 subject to the allocation limits in paragraph (c);

(3) provide necessary and reasonable assistance and support to beginning farmers for qualification and participation in financial management programs approved by the authority;

(4) refer beginning farmers to agencies and organizations that may provide additional pertinent information and assistance; and

(5) notwithstanding section 41B.211, the Rural Finance Authority must share information with the commissioner of revenue to the extent necessary to administer provisions under this subdivision and section 290.06, subdivisions 37 and 38. The Rural Finance Authority must annually notify the commissioner of revenue of approval and certification or recertification of beginning farmers and owners of agricultural assets under this section. For credits under subdivision 2, the notification must include the amount of credit approved by the authority and stated on the credit certificate.

(b) The certification of a beginning farmer or an owner of agricultural assets under this section is valid for the year of the certification and the two following years, after which time the beginning farmer or owner of agricultural assets must apply to the authority for recertification.

(c) For credits for owners of agricultural assets allowed under subdivision 2, the authority must not allocate more than ~~\$6,500,000 for taxable years beginning after December 31, 2022, and before January 1, 2024, and \$4,000,000 for each taxable years beginning after December 31, 2023 year.~~ The authority must allocate credits on a first-come, first-served basis beginning on January 1 of each year, except that recertifications for the second and third years of credits under subdivision 2, paragraph (a), clauses (1) and (2), have first priority. ~~Any amount authorized but not allocated for taxable years ending before January 1, 2023, is canceled and is not allocated for future taxable years. For taxable years beginning after December 31, 2022, Any amount authorized but not allocated in any taxable year does not cancel and is added to the allocation for the next taxable year. For each taxable year, 50 percent of newly allocated credits must be allocated to emerging farmers. Any portion of a taxable year's newly allocated credits that is reserved for emerging farmers that is not allocated by September 30~~ May 31 of the taxable year is available for allocation to other credit allocations beginning on ~~October~~ June 1.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2023.

Sec. 4. **[270B.163] DISCLOSURE OF CERTAIN CORPORATE FRANCHISE TAX INFORMATION.**

(a) Except as otherwise provided in this section, within one month from the first day of the third calendar year following the calendar year in which a taxpayer's taxable year ends, the commissioner must make the following information available on a website:

(1) a corporation's corporate franchise tax return required under section 289A.18, subdivision 1, and any amended or adjusted returns;

(2) all corporate franchise tax forms relating to the calculation of income, apportionment, and calculation of tax; and

(3) the corporation's identity for state corporate franchise tax purposes.

(b) This section does not authorize the commissioner to disclose a corporation's federal return or federal return information.

(c) This section applies to a corporation required to file a return under section 289A.08, subdivision 3, that has \$250,000,000 or more in aggregate gross sales or receipts in a taxable year as determined by the original or most recent amended or adjusted return, including a unitary business under section 290.17, subdivision 4.

(d) Compliance with this section by the commissioner is not a violation of this chapter.

EFFECTIVE DATE. This section is effective for information required to be made available in calendar years beginning after December 31, 2024.

Sec. 5. Minnesota Statutes 2022, 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;

(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 allowed as a deduction under section 290.0123.

(e) Notwithstanding paragraph (a), an individual must file a Minnesota income tax return for each taxable year that the taxpayer has made an election to receive advance payments of the child tax credit under section 290.0661, subdivision 8.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

Sec. 6. **[289A.081] DIRECT FREE FILING OF INDIVIDUAL RETURNS.**

(a) The commissioner must establish an electronic filing system through which taxpayers may directly file an electronic individual income tax return free of charge. The commissioner may contract with a software vendor to develop the filing system required under this section, but the vendor must not offer paid tax preparation services for Minnesota individual income taxpayers for tax years that the system is active, and the filing system must be made available on the Department of Revenue website.

(b) To the extent feasible, the commissioner must coordinate the state filing system under this section with federal direct file options.

(c) For taxable years beginning after December 31, 2024, the filing system established under this section must include the ability to file a sufficient number of tax forms that the commissioner estimates at least 70 percent of resident individual income tax returns could be filed using the system.

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

Sec. 7. Minnesota Statutes 2022, section 290.0132, is amended by adding a subdivision to read:

Subd. 36. **Discharges of indebtedness; coerced debt.** The amount of discharge of indebtedness awarded to a claimant under section 332.74, subdivision 3, is a subtraction.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2023.

Sec. 8. Minnesota Statutes 2023 Supplement, section 290.06, subdivision 23, is amended to read:

Subd. 23. **Refund of contributions to political parties and candidates.** (a) A taxpayer may claim a refund equal to the amount of the taxpayer's contributions made in the calendar year to candidates and to a political party. The maximum total refund per calendar year for an individual must not exceed \$75 and for a married couple, filing jointly, must not exceed \$150. The commissioner must not issue a refund, whether in one payment or in aggregate, to a taxpayer that exceeds the maximum refund amounts specified in this subdivision. A refund of a contribution is allowed only if the taxpayer files:

~~(1) a form required by the commissioner and attaches to the form a copy of an official refund receipt form issued by the candidate or party and signed by the candidate, the treasurer of the candidate's principal campaign committee, or the chair or treasurer of the party unit, after the contribution was received. The receipt forms must be numbered, and the data on the receipt that are not public must be made available to the campaign finance and public disclosure board upon its request; or~~

(2) a claim using the electronic filing system authorized in paragraph (i) .

The form or claim must include one or more unique receipt validation numbers from receipts issued pursuant to section 10A.322, subdivision 4.

~~(b) A claim must be filed with the commissioner no sooner than January 1 of the calendar year in which the contribution was made and no later than April 15 of the calendar year following the calendar year in which the contribution was made. A taxpayer may file only one claim per calendar year. A claim must be for a minimum of \$10. Amounts paid by the commissioner after June 15 of the calendar year following the calendar year in which the contribution was made must include interest at the rate specified in section 270C.405.~~

~~(b)~~ (c) No refund is allowed under this subdivision for a contribution to a candidate unless the candidate:

(1) has signed an agreement to limit campaign expenditures as provided in section 10A.322;

(2) is seeking an office for which voluntary spending limits are specified in section 10A.25; and

(3) has designated a principal campaign committee.

This subdivision does not limit the campaign expenditures of a candidate who does not sign an agreement but accepts a contribution for which the contributor improperly claims a refund.

~~(c)~~ (d) For purposes of this subdivision, "political party" means a major political party as defined in section 200.02, subdivision 7, or a minor political party qualifying for inclusion on the income tax or property tax refund form under section 10A.31, subdivision 3a.

A "major party" or "minor party" includes the aggregate of that party's organization within each house of the legislature, the state party organization, and the party organization within congressional districts, counties, legislative districts, municipalities, and precincts.

"Candidate" means a candidate as defined in section 10A.01, subdivision 10, except a candidate for judicial office.

"Contribution" means a gift of money.

~~(d)~~ (e) The commissioner shall make copies of the form available to the public and candidates upon request.

~~(e)~~ (f) The following data collected or maintained by the commissioner under this subdivision are private: the identities of individuals claiming a refund, the identities of candidates to whom those individuals have made contributions, and the amount of each contribution.

~~(f)~~ (g) The commissioner shall report to the campaign finance and public disclosure board by each August 1 a summary showing the total number and aggregate amount of political contribution refunds made on behalf of each candidate and each political party. These data are public.

~~(g)~~ (h) The amount necessary to pay claims for the refund provided in this section is appropriated from the general fund to the commissioner of revenue.

~~(h) For a taxpayer who files a claim for refund via the Internet or other electronic means, the commissioner may accept the number on the official receipt as documentation that a contribution was made rather than the actual receipt as required by paragraph (a) (i) The commissioner must establish an electronic filing system by which refunds are claimed.~~

EFFECTIVE DATE. This section is effective for contributions made after December 31, 2025.

Sec. 9. Minnesota Statutes 2023 Supplement, section 290.0661, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For the purposes of this section, "qualifying child" has the meaning given in section 32(c) of the Internal Revenue Code, except:

(1) excluding individuals who attained the age of ~~18~~ 19 or greater in the taxable year; and

(2) section 32(m) of the Internal Revenue Code does not apply.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2023.

Sec. 10. Minnesota Statutes 2023 Supplement, section 290.0661, subdivision 8, is amended to read:

Subd. 8. **Advance payment of credits.** (a) The commissioner of revenue ~~may~~ must establish a process to allow taxpayers to elect to receive one or more advance payments of the credit under this section. The amount of advance payments must be based on the taxpayer and commissioner's estimate of the amount of credits for which the taxpayer would be eligible in the taxable year beginning in the calendar year in which the payments were made. The commissioner must not distribute advance payments to a taxpayer who does not elect to receive advance payments.

(b) The amount of a taxpayer's credit under this section for the taxable year is reduced by the amount of advance payments received by the taxpayer in the calendar year during which the taxable year began. If a taxpayer's advance payments exceeded the credit the taxpayer was eligible to receive for the taxable year, the taxpayer's liability for tax is increased by the difference between the amount of advance payments received and the credit amount.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

Sec. 11. Minnesota Statutes 2023 Supplement, section 290.0661, is amended by adding a subdivision to read:

Subd. 9. **Minimum credit.** (a) An eligible taxpayer is allowed the greater of the credit allowed under subdivision 2 or the minimum credit described in this subdivision. A taxpayer is eligible for the minimum credit under this subdivision if:

(1) the taxpayer received an advance payment of the credit under subdivision 8; and

(2) the taxpayer's income was low enough to qualify for the credit under subdivision 2 in the preceding taxable year.

(b) The credit allowed under this subdivision is equal to 50 percent of the credit received under subdivision 2 in the prior taxable year, unless paragraph (c) applies.

(c) If a taxpayer is claiming fewer qualifying children in the current taxable year than in the prior taxable year, the minimum credit allowed under this subdivision is equal to 50 percent of credit received under this section in the prior taxable year multiplied by a fraction in which:

(1) the numerator is the number of qualifying children in the current taxable year; and

(2) the denominator is the number of qualifying children in the prior taxable year.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

Sec. 12. Minnesota Statutes 2023 Supplement, section 290.0671, subdivision 1a, is amended to read:

Subd. 1a. **Definitions.** For purposes of this section, "qualifying older child" means a qualifying child, as defined in section 32(c) of the Internal Revenue Code, that attained at least the age of ~~18~~ 19 in the taxable year. For the purposes of determining a qualifying older child, section 32(m) of the Internal Revenue Code does not apply.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2023.

Sec. 13. Minnesota Statutes 2022, section 290.0683, subdivision 3, is amended to read:

Subd. 3. **Allocation.** (a) To qualify for the credit, a taxpayer must contribute to the Minnesota housing tax credit contribution account. A taxpayer may indicate that a contribution is intended for a specific qualified project. A taxpayer is prohibited from contributing to certain projects as provided in section 462A.40, subdivision 3.

(b) The aggregate amount of tax credits allowed to all eligible contributors is limited to \$9,900,000 annually. If the entire amount is not allocated for 2023, any remaining amount is available for allocation for 2024.

(c) Within 30 days after a taxpayer contributes to the account, the agency must file with the contributing taxpayer a credit certificate statement or return any amounts to the taxpayer as provided in this paragraph. The agency must send a copy of the credit certificate to the commissioner. If there are insufficient credits to match the contribution, the agency must not issue a credit certificate for the amount of the contribution for which there are insufficient credits, and must return that amount to the taxpayer before issuing any credit certificate.

(d) The credit certificate must state the dollar amount of the contribution made by the taxpayer and the date the payment was received by the account, and indicate if the contribution was intended for a specific qualified project.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2022.

Sec. 14. Minnesota Statutes 2022, section 290.92, is amended by adding a subdivision to read:

Subd. 32. **Nonconformity to certain worker classification rules.** For purposes of employee classification under this section, "Internal Revenue Code" does not include section 530 of Public Law 95-600, as amended.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

Sec. 15. Minnesota Statutes 2023 Supplement, 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) 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;

(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;

(8) alimony paid; ~~or~~

(9) veterans disability compensation paid under title 38 of the United States Code; or

(10) to the extent included in federal adjusted gross income, the amount of discharge of indebtedness awarded to the claimant under section 332.74, subdivision 3.

(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 had a disability or attained the age of 65 on or before December 31 of the year for which the taxes were levied, 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 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 for property taxes payable in 2025 and thereafter.

Sec. 16. **CORPORATE TAX BASE EROSION STUDY.**

By February 1, 2025, the commissioner of revenue must provide a report to the chairs and ranking minority members of the legislative committees with jurisdiction over taxes on the extent of corporate tax base erosion in Minnesota; the legislative options for addressing that erosion, including worldwide combined reporting; and the litigation risks that may arise by adopting various approaches to address corporate tax base erosion. The report must comply with Minnesota Statutes, sections 3.195 and 3.197, and specifically include a discussion of:

(1) the types of international corporate structures and resulting transactions among commonly controlled businesses that reduce the amount of income that would otherwise be apportionable to Minnesota under the corporate franchise tax, the effect of which is commonly referred to as "corporate tax base erosion";

(2) the most reliable published analyses of corporate tax base erosion that could be used to estimate the revenue impact of that erosion on corporate franchise tax collections in Minnesota, including how Minnesota's share of aggregate domestic shifted profits may be calculated;

(3) the extent to which the state's current treatment of income under section 951A of the Internal Revenue Code addresses corporate tax base erosion and the limitations of this approach;

(4) other options that exist for modifying the state's corporate franchise tax to address corporate tax base erosion, including the imposition of worldwide combined reporting;

(5) for worldwide combined reporting:

(i) how the increased amount of income estimated to be apportioned to Minnesota under a combined reporting system would be equal to the amount of Minnesota's share of shifted profits described in clause (2);

(ii) the administrative impact of worldwide combined reporting on taxpayers and the Department of Revenue relative to current law; and

(iii) recommendations for administrative changes to the corporate franchise tax to address the impacts described in item (ii);

(6) recommendations for any other modifications to current law needed to administer the options described in clause (4);

(7) the risk of litigation, including federal constitutional claims, under the options described in clause (4) and recommendations to mitigate those risks; and

(8) any other topic the commissioner deems necessary to properly inform legislators on this subject.

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

Sec. 17. APPROPRIATION; POLITICAL CONTRIBUTION REFUND ELECTRONIC FILING SYSTEM.

\$147,000 in fiscal year 2025 is appropriated from the general fund to the commissioner of revenue to establish and implement an electronic filing system for political contribution refund claims. This appropriation is available until June 30, 2026. The base for this appropriation is \$59,000 for fiscal year 2026 and \$59,000 for fiscal year 2027.

Sec. 18. TRANSFER; APPROPRIATION; DIRECT FREE FILING SYSTEM.

(a) \$5,000,000 in fiscal year 2025 is appropriated from the general fund to the commissioner of revenue to implement the electronic filing system required in Minnesota Statutes, section 289A.081. This is a onetime appropriation and is available until June 30, 2027. The base for the appropriation is \$2,300,000 in fiscal year 2027.

(b) On July 1, 2024, \$5,000,000 is transferred to the general fund from the tax filing modernization account in the special revenue fund established in Laws 2023, chapter 64, article 15, section 24.

Sec. 19. APPROPRIATION; CORPORATE FRANCHISE TAX INFORMATION DISCLOSURE.

\$480,000 in fiscal year 2025 is appropriated from the general fund to the commissioner of revenue to administer the publication of corporate franchise tax information required under Minnesota Statutes, section 270B.163. The base for this appropriation is \$198,000 in fiscal year 2026 and \$198,000 in fiscal year 2027.

Sec. 20. APPROPRIATION; CORPORATE TAX BASE EROSION STUDY.

\$655,000 in fiscal year 2025 is appropriated from the general fund to the commissioner of revenue to produce the study required in section 16. This is a onetime appropriation and is available until June 30, 2025.

Sec. 21. CHILD TAX CREDIT ACCOUNT; TRANSFER; APPROPRIATION.

(a) By June 30, 2025, and June 30, 2026, the commissioner of revenue must certify to the commissioner of management and budget:

(1) the total change in individual income tax liability from the credit allowed under Minnesota Statutes, section 290.0661, subdivision 9, compared to the credit calculated under Minnesota Statutes, section 290.0661, subdivision 2; and

(2) the total change in individual income tax liability resulting from an 18-year-old individual to be considered a qualifying child under Minnesota Statutes, section 290.0661, subdivision 1.

(b) A child tax credit account is created in the special revenue fund. Money in the account is appropriated to the commissioner of management and budget for transfers to the general fund required in paragraph (d).

(c) \$32,300,000 in fiscal year 2025 is transferred from the general fund to the child tax credit account established in paragraph (b). This is a onetime transfer.

(d) In fiscal years 2026 and 2027, the commissioner of management and budget must transfer an amount sufficient to cover the amounts certified in paragraph (a) from the child tax credit account to the general fund. On June 30, 2027, any amount remaining in the child tax credit account cancels to the general fund and this section expires.

Sec. 22. **REPEALER.**

Laws 2023, chapter 64, article 15, section 24, is repealed.

EFFECTIVE DATE. This section is effective July 2, 2024.

ARTICLE 2 PROPERTY TAXES AND LOCAL GOVERNMENT AIDS

Section 1. Minnesota Statutes 2022, section 272.02, subdivision 7, is amended to read:

Subd. 7. **Institutions of public charity.** (a) Institutions of purely public charity that are exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code are exempt if they meet the requirements of this subdivision. In determining whether real property is exempt under this subdivision, the following factors must be considered:

(1) whether the stated purpose of the undertaking is to be helpful to others without immediate expectation of material reward;

(2) whether the institution of public charity is supported by material donations, gifts, or government grants for services to the public in whole or in part;

(3) whether a material number of the recipients of the charity receive benefits or services at reduced or no cost, or whether the organization provides services to the public that alleviate burdens or responsibilities that would otherwise be borne by the government;

(4) whether the income received, including material gifts and donations, produces a profit to the charitable institution that is not distributed to private interests;

(5) whether the beneficiaries of the charity are restricted or unrestricted, and, if restricted, whether the class of persons to whom the charity is made available is one having a reasonable relationship to the charitable objectives; and

(6) whether dividends, in form or substance, or assets upon dissolution, are not available to private interests.

A charitable organization must satisfy the factors in clauses (1) to (6) for its property to be exempt under this subdivision, unless there is a reasonable justification for failing to meet the factors in clause (2), (3), or (5), and the organization provides to the assessor the factual basis for that justification. If there is reasonable justification for

failing to meet the factors in clause (2), (3), or (5), an organization is a purely public charity under this subdivision without meeting those factors. After an exemption is properly granted under this subdivision, it will remain in effect unless there is a material change in facts.

(b) For purposes of this subdivision, a grant is a written instrument or electronic document defining a legal relationship between a granting agency and a grantee when the principal purpose of the relationship is to transfer cash or something of value to the grantee to support a public purpose authorized by law in a general manner instead of acquiring by professional or technical contract, purchase, lease, or barter property or services for the direct benefit or use of the granting agency.

(c) In determining whether rental housing property qualifies for exemption under this subdivision, the following are not gifts or donations to the owner of the rental housing:

(1) rent assistance provided by the government to or on behalf of tenants; and

(2) financing assistance or tax credits provided by the government to the owner on condition that specific units or a specific quantity of units be set aside for persons or families with certain income characteristics.

(d) Property owned by a charitable organization eligible for an exemption under this subdivision and used to provide rental housing is exempt only if a portion of the property is permanently used by the charitable organization to provide services to the intended beneficiaries of organization's work. Such services do not include solely furnishing space for private and exclusive occupancy.

EFFECTIVE DATE. This section is effective for taxes payable in 2025 and thereafter.

Sec. 2. Minnesota Statutes 2022, section 272.02, subdivision 19, is amended to read:

Subd. 19. **Property used to distribute electricity to farmers.** ~~Electric power distribution lines and their attachments and appurtenances systems, not including substations, or transmission or generation equipment,~~ that are used primarily for supplying electricity to farmers at retail, are exempt.

EFFECTIVE DATE. This section is effective for assessment year 2024 and thereafter.

Sec. 3. Minnesota Statutes 2022, section 272.02, is amended by adding a subdivision to read:

Subd. 106. **Certain property owned by an Indian Tribe.** Property is exempt that:

(1) was classified as class 2b under section 273.13, subdivision 24, for taxes payable in 2024;

(2) is located within a county with a population greater than 5,580 but less than 5,620 according to the 2020 federal census;

(3) is located in an unorganized territory with a population less than 800 according to the 2020 federal census; and

(4) was on January 2, 2023, and is for the current assessment, owned by a federally recognized Indian Tribe, or its instrumentality, that is located within the state of Minnesota.

EFFECTIVE DATE. This section is effective beginning with assessment year 2025.

Sec. 4. Minnesota Statutes 2022, section 272.02, is amended by adding a subdivision to read:

Subd. 107. Certain property owned by an Indian Tribe. (a) Property is exempt that:

(1) was classified as class 3a under section 273.13, subdivision 24, for taxes payable in 2024;

(2) is located in a city of the first class with a population greater than 400,000 as of the 2020 federal census;

(3) was on January 1, 2023, 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

(4) is used exclusively for Tribal purposes or institutions of purely public charity as defined in subdivision 7.

(b) Property that qualifies for the exemption under this subdivision is limited to one parcel that does not exceed 40,000 square feet. Property used for single-family housing, market-rate apartments, agriculture, or forestry does not qualify for this exemption.

EFFECTIVE DATE. This section is effective beginning with assessment year 2025.

Sec. 5. Minnesota Statutes 2022, section 273.13, subdivision 22, is amended to read:

Subd. 22. **Class 1.** (a) Except as provided in subdivision 23 and in paragraphs (b) and (c), real estate which is residential and used for homestead purposes is class 1a. In the case of a duplex or triplex in which one of the units is used for homestead purposes, the entire property is deemed to be used for homestead purposes. The market value of class 1a property must be determined based upon the value of the house, garage, and land.

The first \$500,000 of market value of class 1a property has a net classification rate of one percent of its market value; and the market value of class 1a property that exceeds \$500,000 has a classification rate of 1.25 percent of its market value.

(b) Class 1b property includes homestead real estate or homestead manufactured homes used for the purposes of a homestead by:

(1) any person who is blind as defined in section 256D.35, or the person who is blind and the spouse of the person who is blind;

(2) any person who is permanently and totally disabled or by the person with a disability and the spouse of the person with a disability; or

(3) the surviving spouse of a veteran who was permanently and totally disabled homesteading a property classified under this paragraph for taxes payable in 2008.

Property is classified and assessed under clause (2) only if the government agency or income-providing source certifies, upon the request of the homestead occupant, that the homestead occupant satisfies the disability requirements of this paragraph, and that the property is not eligible for the valuation exclusion under subdivision 34.

Property is classified and assessed under paragraph (b) only if the commissioner of revenue or the county assessor certifies that the homestead occupant satisfies the requirements of this paragraph.

Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings the person an income. The first \$50,000 market value of class 1b property has a net classification rate of .45 percent of its market value. The remaining market value of class 1b property is classified as class 1a or class 2a property, whichever is appropriate.

(c) Class 1c property is commercial use real and personal property that abuts public water as defined in section 103G.005, subdivision 15, or abuts a state trail administered by the Department of Natural Resources, and is devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment, and that includes a portion used as a homestead by the owner, which includes a dwelling occupied as a homestead by a shareholder of a corporation that owns the resort, a partner in a partnership that owns the resort, or a member of a limited liability company that owns the resort even if the title to the homestead is held by the corporation, partnership, or limited liability company. For purposes of this paragraph, property is devoted to a commercial purpose on a specific day if any portion of the property, excluding the portion used exclusively as a homestead, is used for residential occupancy and a fee is charged for residential occupancy. Class 1c property must contain three or more rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site equipped with water and electrical hookups for recreational vehicles. Class 1c property must provide recreational activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill or cross-country ski equipment; provide marina services, launch services, or guide services; or sell bait and fishing tackle. Any unit in which the right to use the property is transferred to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies for class 1c even though it may remain available for rent. A camping pad offered for rent by a property that otherwise qualifies for class 1c is also class 1c, regardless of the term of the rental agreement, as long as the use of the camping pad does not exceed 250 days. If the same owner owns two separate parcels that are located in the same township, and one of those properties is classified as a class 1c property and the other would be eligible to be classified as a class 1c property if it was used as the homestead of the owner, both properties will be assessed as a single class 1c property; for purposes of this sentence, properties are deemed to be owned by the same owner if each of them is owned by a limited liability company, and both limited liability companies have the same membership. The portion of the property used as a homestead is class 1a property under paragraph (a). The remainder of the property is classified as follows: the first ~~\$600,000~~ ~~\$1,100,000~~ of market value is tier I, the next ~~\$1,700,000~~ ~~\$2,600,000~~ of market value is tier II, and any remaining market value is tier III. The classification rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25 percent. Owners of real and personal property devoted to temporary and seasonal residential occupancy for recreation purposes in which all or a portion of the property was devoted to commercial purposes for not more than 250 days in the year preceding the year of assessment desiring classification as class 1c, must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located must be designated as class 1c as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located must be designated as class 3a commercial. The owner of property desiring designation as class 1c property must provide guest registers or other records demonstrating that the units for which class 1c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

(d) Class 1d property includes structures that meet all of the following criteria:

- (1) the structure is located on property that is classified as agricultural property under section 273.13, subdivision 23;
- (2) the structure is occupied exclusively by seasonal farm workers during the time when they work on that farm, and the occupants are not charged rent for the privilege of occupying the property, provided that use of the structure for storage of farm equipment and produce does not disqualify the property from classification under this paragraph;
- (3) the structure meets all applicable health and safety requirements for the appropriate season; and
- (4) the structure is not salable as residential property because it does not comply with local ordinances relating to location in relation to streets or roads.

The market value of class 1d property has the same classification rates as class 1a property under paragraph (a).

EFFECTIVE DATE. This section is effective beginning with assessment year 2025.

Sec. 6. Minnesota Statutes 2023 Supplement, section 273.13, subdivision 25, is amended to read:

Subd. 25. **Class 4.** (a) Class 4a is residential real estate containing four or more units and used or held for use by the owner or by the tenants or lessees of the owner as a residence for rental periods of 30 days or more, excluding property qualifying for class 4d. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt under section 272.02, and contiguous property used for hospital purposes, without regard to whether the property has been platted or subdivided. The market value of class 4a property has a classification rate of 1.25 percent.

(b) Class 4b includes:

(1) residential real estate containing less than four units, including property rented as a short-term rental property for more than 14 days in the preceding year, that does not qualify as class 4bb, other than seasonal residential recreational property;

(2) manufactured homes not classified under any other provision;

(3) a dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b) containing two or three units; and

(4) unimproved property that is classified residential as determined under subdivision 33.

For the purposes of this paragraph, "short-term rental property" means nonhomestead residential real estate rented for periods of less than 30 consecutive days.

The market value of class 4b property has a classification rate of 1.25 percent.

(c) Class 4bb includes:

(1) nonhomestead residential real estate containing one unit, other than seasonal residential recreational property;

(2) a single family dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b); and

(3) a condominium-type storage unit having an individual property identification number that is not used for a commercial purpose.

Class 4bb property has the same classification rates as class 1a property under subdivision 22.

Property that has been classified as seasonal residential recreational property at any time during which it has been owned by the current owner or spouse of the current owner does not qualify for class 4bb.

(d) Class 4c property includes:

(1) except as provided in subdivision 22, paragraph (c), real and personal property devoted to commercial temporary and seasonal residential occupancy for recreation purposes, for not more than 250 days in the year preceding the year of assessment. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property is used for residential occupancy, and a fee is charged for residential occupancy. Class 4c property under this clause must contain three or more rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site equipped with water and electrical hookups for recreational vehicles. A camping pad offered for rent by a property that otherwise qualifies for class 4c

under this clause is also class 4c under this clause regardless of the term of the rental agreement, as long as the use of the camping pad does not exceed 250 days. In order for a property to be classified under this clause, either (i) the business located on the property must provide recreational activities, at least 40 percent of the annual gross lodging receipts related to the property must be from business conducted during 90 consecutive days, and either (A) at least 60 percent of all paid bookings by lodging guests during the year must be for periods of at least two consecutive nights; or (B) at least 20 percent of the annual gross receipts must be from charges for providing recreational activities, or (ii) the business must contain 20 or fewer rental units, and must be located in a township or a city with a population of 2,500 or less located outside the metropolitan area, as defined under section 473.121, subdivision 2, that contains a portion of a state trail administered by the Department of Natural Resources. For purposes of item (i)(A), a paid booking of five or more nights shall be counted as two bookings. Class 4c property also includes commercial use real property used exclusively for recreational purposes in conjunction with other class 4c property classified under this clause and devoted to temporary and seasonal residential occupancy for recreational purposes, up to a total of two acres, provided the property is not devoted to commercial recreational use for more than 250 days in the year preceding the year of assessment and is located within two miles of the class 4c property with which it is used. In order for a property to qualify for classification under this clause, the owner must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located must be designated class 4c under this clause as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located will be designated as class 3a. The owner of property desiring designation as class 4c property under this clause must provide guest registers or other records demonstrating that the units for which class 4c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes does not qualify for class 4c. For the purposes of this paragraph, "recreational activities" means renting ice fishing houses, boats and motors, snowmobiles, downhill or cross-country ski equipment; providing marina services, launch services, or guide services; or selling bait and fishing tackle;

(2) qualified property used as a golf course if:

(i) it is open to the public on a daily fee basis. It may charge membership fees or dues, but a membership fee may not be required in order to use the property for golfing, and its green fees for golfing must be comparable to green fees typically charged by municipal courses; and

(ii) it meets the requirements of section 273.112, subdivision 3, paragraph (d).

A structure used as a clubhouse, restaurant, or place of refreshment in conjunction with the golf course is classified as class 3a property;

(3) real property up to a maximum of three acres of land owned and used by a nonprofit community service oriented organization and not used for residential purposes on either a temporary or permanent basis, provided that:

(i) the property is not used for a revenue-producing activity for more than six days in the calendar year preceding the year of assessment; or

(ii) the organization makes annual charitable contributions and donations at least equal to the property's previous year's property taxes and the property is allowed to be used for public and community meetings or events for no charge, as appropriate to the size of the facility.

For purposes of this clause:

(A) "charitable contributions and donations" has the same meaning as lawful gambling purposes under section 349.12, subdivision 25, excluding those purposes relating to the payment of taxes, assessments, fees, auditing costs, and utility payments;

(B) "property taxes" excludes the state general tax;

(C) a "nonprofit community service oriented organization" means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, fraternal, civic, or educational purposes, and which is exempt from federal income taxation pursuant to section 501(c)(3), (8), (10), or (19) of the Internal Revenue Code; and

(D) "revenue-producing activities" shall include but not be limited to property or that portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling alley, a retail store, gambling conducted by organizations licensed under chapter 349, an insurance business, or office or other space leased or rented to a lessee who conducts a for-profit enterprise on the premises.

Any portion of the property not qualifying under either item (i) or (ii) is class 3a. The use of the property for social events open exclusively to members and their guests for periods of less than 24 hours, when an admission is not charged nor any revenues are received by the organization shall not be considered a revenue-producing activity.

The organization shall maintain records of its charitable contributions and donations and of public meetings and events held on the property and make them available upon request any time to the assessor to ensure eligibility. An organization meeting the requirement under item (ii) must file an application by May 1 with the assessor for eligibility for the current year's assessment. The commissioner shall prescribe a uniform application form and instructions;

(4) postsecondary student housing of not more than one acre of land that is owned by a nonprofit corporation organized under chapter 317A and is used exclusively by a student cooperative, sorority, or fraternity for on-campus housing or housing located within two miles of the border of a college campus;

(5)(i) manufactured home parks as defined in section 327.14, subdivision 3, excluding manufactured home parks described in items (ii) and (iii), (ii) manufactured home parks as defined in section 327.14, subdivision 3, that are described in section 273.124, subdivision 3a, and (iii) class I manufactured home parks as defined in section 327C.015, subdivision 2;

(6) real property that is actively and exclusively devoted to indoor fitness, health, social, recreational, and related uses, is owned and operated by a not-for-profit corporation, and is located within the metropolitan area as defined in section 473.121, subdivision 2;

(7) a leased or privately owned noncommercial aircraft storage hangar not exempt under section 272.01, subdivision 2, and the land on which it is located, provided that:

(i) the land is on an airport owned or operated by a city, town, county, Metropolitan Airports Commission, or group thereof; and

(ii) the land lease, or any ordinance or signed agreement restricting the use of the leased premise, prohibits commercial activity performed at the hangar.

If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must be filed by the new owner with the assessor of the county where the property is located within 60 days of the sale;

(8) a privately owned noncommercial aircraft storage hangar not exempt under section 272.01, subdivision 2, and the land on which it is located, provided that:

(i) the land abuts a public airport; and

(ii) the owner of the aircraft storage hangar provides the assessor with a signed agreement restricting the use of the premises, prohibiting commercial use or activity performed at the hangar; and

(9) residential real estate, a portion of which is used by the owner for homestead purposes, and that is also a place of lodging, if all of the following criteria are met:

(i) rooms are provided for rent to transient guests that generally stay for periods of 14 or fewer days;

(ii) meals are provided to persons who rent rooms, the cost of which is incorporated in the basic room rate;

(iii) meals are not provided to the general public except for special events on fewer than seven days in the calendar year preceding the year of the assessment; and

(iv) the owner is the operator of the property.

The market value subject to the 4c classification under this clause is limited to five rental units. Any rental units on the property in excess of five, must be valued and assessed as class 3a. The portion of the property used for purposes of a homestead by the owner must be classified as class 1a property under subdivision 22;

(10) real property up to a maximum of three acres and operated as a restaurant as defined under section 157.15, subdivision 12, provided it: (i) is located on a lake as defined under section 103G.005, subdivision 15, paragraph (a), clause (3); and (ii) is either devoted to commercial purposes for not more than 250 consecutive days, or receives at least 60 percent of its annual gross receipts from business conducted during four consecutive months. Gross receipts from the sale of alcoholic beverages must be included in determining the property's qualification under item (ii). The property's primary business must be as a restaurant and not as a bar. Gross receipts from gift shop sales located on the premises must be excluded. Owners of real property desiring 4c classification under this clause must submit an annual declaration to the assessor by February 1 of the current assessment year, based on the property's relevant information for the preceding assessment year;

(11) lakeshore and riparian property and adjacent land, not to exceed six acres, used as a marina, as defined in section 86A.20, subdivision 5, which is made accessible to the public and devoted to recreational use for marina services. The marina owner must annually provide evidence to the assessor that it provides services, including lake or river access to the public by means of an access ramp or other facility that is either located on the property of the marina or at a publicly owned site that abuts the property of the marina. No more than 800 feet of lakeshore may be included in this classification. Buildings used in conjunction with a marina for marina services, including but not limited to buildings used to provide food and beverage services, fuel, boat repairs, or the sale of bait or fishing tackle, are classified as class 3a property; and

(12) real and personal property devoted to noncommercial temporary and seasonal residential occupancy for recreation purposes.

Class 4c property has a classification rate of 1.5 percent of market value, except that (i) each parcel of noncommercial seasonal residential recreational property under clause (12) has the same classification rates as class 4bb property, (ii) manufactured home parks assessed under clause (5), item (i), have the same classification rate as class 4b property, the market value of manufactured home parks assessed under clause (5), item (ii), have a classification rate of 0.75 percent if more than 50 percent of the lots in the park are occupied by shareholders in the cooperative corporation or association and a classification rate of one percent if 50 percent or less of the lots are so occupied, and class I manufactured home parks as defined in section 327C.015, subdivision 2, have a classification rate of 1.0 percent, (iii) commercial-use seasonal residential recreational property and marina recreational land as described in clause (11), has a classification rate of one percent for the first \$500,000 of market value, and 1.25 percent for the remaining market value, (iv) the market value of property described in clause (4) has a classification rate of one percent, (v) the market value of property described in clauses (2), (6), and (10) has a classification rate of 1.25 percent, (vi) that portion of the market value of property in clause (9) qualifying for class 4c property has a classification rate of 1.25 percent, and (vii) property qualifying for classification under clause (3) that is owned or operated by a congressionally chartered veterans organization has a classification rate of one percent. The commissioner of veterans affairs must provide a list of congressionally chartered veterans organizations to the commissioner of revenue by June 30, 2017, and by January 1, 2018, and each year thereafter.

(e) Class 4d property includes:

(1) qualifying low-income rental housing certified to the assessor by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion of the units in the building qualify as low-income rental housing units as certified under section 273.128, subdivision 3, only the proportion of qualifying units to the total number of units in the building qualify for class 4d(1). The remaining portion of the building shall be classified by the assessor based upon its use. Class 4d(1) also includes the same proportion of land as the qualifying low-income rental housing units are to the total units in the building. For all properties qualifying as class 4d(1), the market value determined by the assessor must be based on the normal approach to value using normal unrestricted rents; and

(2) a unit that is owned by the occupant and used as a homestead by the occupant, and otherwise meets all the requirements for community land trust property under section 273.11, subdivision 12, provided that by December 31 of each assessment year, the community land trust certifies to the assessor that (i) the community land trust owns the real property on which the unit is located, and (ii) the unit owner is a member in good standing of the community land trust. ~~For all units qualifying as class 4d(2), the market value determined by the assessor must be based on the normal approach to value without regard to any restrictions that apply because the unit is a community land trust property.~~

(f) Class 4d(1) property has a classification rate of 0.25 percent. Class 4d(2) property has a classification rate of 0.75 percent.

EFFECTIVE DATE. This section is effective beginning with assessment year 2024.

Sec. 7. **[273.1389] ADVANCE HOMESTEAD CREDIT FOR SENIORS.**

Subdivision 1. Eligibility. Homestead property is eligible to receive the advance homestead credit for seniors under this section if it is owned by an eligible senior claimant who received homestead treatment on the property in the prior taxes payable year. For the purposes of this section, "eligible senior claimant" means a claimant who has submitted an application and has been determined eligible under section 290A.071.

Subd. 2. Credit amount. For each qualifying property, the amount of the advance homestead credit for seniors is equal to 50 percent of the amount of the homestead credit refund the property owner received in the previous year.

Subd. 3. **Certification.** No later than January 2 of the year for which an eligible senior claimant elected to receive the advance homestead credit for seniors under this section, the commissioner of revenue must calculate and certify to each county auditor credit amounts under this section. The county auditor must apply the credit to each qualifying property's first half payment. If a property's credit amount under subdivision 2 exceeds the first half payment amount after all other applicable credits, the auditor must reduce the advance homestead credit for seniors so that the first half payment amount is \$0. No later than July 1 of the taxes payable year in which the credit is applied, the county auditor must certify any reductions under this subdivision to the commissioner of revenue under section 270C.85, subdivision 2. The commissioner shall review the certifications for accuracy and may make any changes the commissioner deems necessary or return the certification to the county auditor for correction.

Subd. 4. **Payment.** (a) The commissioner of revenue shall reimburse each local taxing jurisdiction, other than school districts, for the tax reductions granted under this section in one installment on October 31 of the taxes payable year for which the reductions are granted, including in each payment any prior year adjustments. The reimbursements related to tax increments shall be issued in one installment each year on December 26.

(b) The commissioner of revenue shall certify the total of the tax reductions granted under this section for each taxes payable year within each school district to the commissioner of education. The commissioner of education shall pay the reimbursement amounts to each school district as provided in section 273.1392.

Subd. 5. **Appropriation.** An amount sufficient to make the payments required by this section to taxing jurisdictions other than school districts is annually appropriated from the general fund to the commissioner of revenue. An amount sufficient to make the payments required by this section for school districts is annually appropriated from the general fund to the commissioner of education.

EFFECTIVE DATE. This section is effective beginning with property taxes payable in 2026.

Sec. 8. Minnesota Statutes 2023 Supplement, section 273.1392, is amended to read:

273.1392 PAYMENT; SCHOOL DISTRICTS.

The amounts of bovine tuberculosis credit reimbursements under section 273.113; conservation tax credits under section 273.119; disaster or emergency reimbursement under sections 273.1231 to 273.1235; agricultural credits under sections 273.1384 and 273.1387; the advance homestead credit for seniors under section 273.1389; aids and credits under section 273.1398; enterprise zone property credit payments under section 469.171; metropolitan agricultural preserve reduction under section 473H.10; and electric generation transition aid under section 477A.24 for school districts, shall be certified to the Department of Education by the Department of Revenue. The amounts so certified shall be paid according to section 127A.45, subdivisions 9, 10, and 13.

EFFECTIVE DATE. This section is effective beginning July 1, 2026.

Sec. 9. Minnesota Statutes 2022, section 273.1393, is amended to read:

273.1393 COMPUTATION OF NET PROPERTY TAXES.

Notwithstanding any other provisions to the contrary, "net" property taxes are determined by subtracting the credits in the order listed from the gross tax:

- (1) disaster credit as provided in sections 273.1231 to 273.1235;
- (2) powerline credit as provided in section 273.42;

- (3) agricultural preserves credit as provided in section 473H.10;
- (4) enterprise zone credit as provided in section 469.171;
- (5) disparity reduction credit;
- (6) conservation tax credit as provided in section 273.119;
- (7) the school bond credit as provided in section 273.1387;
- (8) agricultural credit as provided in section 273.1384;
- (9) taconite homestead credit as provided in section 273.135;
- (10) supplemental homestead credit as provided in section 273.1391; ~~and~~
- (11) the bovine tuberculosis zone credit, as provided in section 273.113-; and
- (12) the advance homestead credit for seniors under section 273.1389.

The combination of all property tax credits must not exceed the gross tax amount.

EFFECTIVE DATE. This section is effective beginning with property taxes payable in 2026.

Sec. 10. Minnesota Statutes 2022, section 273.38, is amended to read:

273.38 PERCENTAGE OF ASSESSMENTS; EXCEPTIONS.

The distribution ~~lines and the attachments and appurtenances thereto~~ systems, not including substations, or ~~transmission or generation equipment~~ of cooperative associations organized under the provisions of Laws 1923, chapter 326, and laws amendatory thereof and supplemental thereto, and engaged in the electrical heat, light and power business, upon a mutual, nonprofit and cooperative plan, shall be assessed and taxed as provided in sections 273.40 and 273.41.

EFFECTIVE DATE. This section is effective for assessment year 2024 and thereafter.

Sec. 11. Minnesota Statutes 2022, section 273.41, is amended to read:

273.41 AMOUNT OF TAX; DISTRIBUTION.

There is hereby imposed upon each such cooperative association on December 31 of each year a tax of \$10 for each 100 members, or fraction thereof, of such association. The tax, when paid, shall be in lieu of all personal property taxes, state, county, or local, upon ~~distribution lines and the attachments and appurtenances thereto of such associations~~ that part of the association's distribution system, not including substations, or transmission or generation equipment, located in rural areas. The tax shall be payable on or before March 1 of the next succeeding year, to the commissioner of revenue. If the tax, or any portion thereof, is not paid within the time herein specified for the payment thereof, there shall be added thereto a specific penalty equal to ten percent of the amount so remaining unpaid. Such penalty shall be collected as part of said tax, and the amount of said tax not timely paid, together with said penalty, shall bear interest at the rate specified in section 270C.40 from the time such tax should have been paid until paid. The commissioner shall deposit the amount so received in the general fund of the state treasury.

EFFECTIVE DATE. This section is effective for assessment year 2024 and thereafter.

Sec. 12. Minnesota Statutes 2023 Supplement, section 275.065, subdivision 3, is amended to read:

Subd. 3. **Notice of proposed property taxes.** (a) The county auditor shall prepare and the county treasurer shall deliver after November 10 and on or before November 24 each year, by first class mail to each taxpayer at the address listed on the county's current year's assessment roll, a notice of proposed property taxes. Upon written request by the taxpayer, the treasurer may send the notice in electronic form or by electronic mail instead of on paper or by ordinary mail.

(b) The commissioner of revenue shall prescribe the form of the notice.

(c) The notice must inform taxpayers that it contains the amount of property taxes each taxing authority proposes to collect for taxes payable the following year. In the case of a town, or in the case of the state general tax, the final tax amount will be its proposed tax. The notice must clearly state for each city that has a population over 500, county, school district, regional library authority established under section 134.201, metropolitan taxing districts as defined in paragraph (i), and fire protection and emergency medical services special taxing districts established under section 144F.01, the time and place of a meeting for each taxing authority in which the budget and levy will be discussed and public input allowed, prior to the final budget and levy determination. The taxing authorities must provide the county auditor with the information to be included in the notice on or before the time it certifies its proposed levy under subdivision 1. The public must be allowed to speak at that meeting, which must occur after November 24 and must not be held before 6:00 p.m. It must provide a website address and a telephone number for the taxing authority that taxpayers may call if they have questions related to the notice and an address where comments will be received by mail, except that no notice required under this section shall be interpreted as requiring the printing of a personal telephone number or address as the contact information for a taxing authority. If a taxing authority does not maintain a website or public offices where telephone calls can be received by the authority, the authority may inform the county of the lack of a public website or telephone number and the county shall not list a website or telephone number for that taxing authority.

(d) The notice must state for each parcel:

(1) the market value of the property as determined under section 273.11, and used for computing property taxes payable in the following year and for taxes payable in the current year as each appears in the records of the county assessor on November 1 of the current year; and, in the case of residential property, whether the property is classified as homestead or nonhomestead. The notice must clearly inform taxpayers of the years to which the market values apply and that the values are final values;

(2) the items listed below, shown separately by county, city or town, and state general tax, agricultural homestead credit under section 273.1384, school building bond agricultural credit under section 273.1387, the advance homestead credit for seniors under section 273.1389, voter approved school levy, other local school levy, and the sum of the special taxing districts, and as a total of all taxing authorities:

(i) the actual tax for taxes payable in the current year; and

(ii) the proposed tax amount.

If the county levy under clause (2) includes an amount for a lake improvement district as defined under sections 103B.501 to 103B.581, the amount attributable for that purpose must be separately stated from the remaining county levy amount.

In the case of a town or the state general tax, the final tax shall also be its proposed tax unless the town changes its levy at a special town meeting under section 365.52. If a school district has certified under section 126C.17, subdivision 9, that a referendum will be held in the school district at the November general election, the county

auditor must note next to the school district's proposed amount that a referendum is pending and that, if approved by the voters, the tax amount may be higher than shown on the notice. In the case of the city of Minneapolis, the levy for Minneapolis Park and Recreation shall be listed separately from the remaining amount of the city's levy. In the case of the city of St. Paul, the levy for the St. Paul Library Agency must be listed separately from the remaining amount of the city's levy. In the case of Ramsey County, any amount levied under section 134.07 may be listed separately from the remaining amount of the county's levy. In the case of a parcel where tax increment or the fiscal disparities areawide tax under chapter 276A or 473F applies, the proposed tax levy on the captured value or the proposed tax levy on the tax capacity subject to the areawide tax must each be stated separately and not included in the sum of the special taxing districts; and

(3) the increase or decrease between the total taxes payable in the current year and the total proposed taxes, expressed as a percentage.

For purposes of this section, the amount of the tax on homesteads qualifying under the senior citizens' property tax deferral program under chapter 290B is the total amount of property tax before subtraction of the deferred property tax amount.

(e) The notice must clearly state that the proposed or final taxes do not include the following:

(1) special assessments;

(2) levies approved by the voters after the date the proposed taxes are certified, including bond referenda and school district levy referenda;

(3) a levy limit increase approved by the voters by the first Tuesday after the first Monday in November of the levy year as provided under section 275.73;

(4) amounts necessary to pay cleanup or other costs due to a natural disaster occurring after the date the proposed taxes are certified;

(5) amounts necessary to pay tort judgments against the taxing authority that become final after the date the proposed taxes are certified; and

(6) the contamination tax imposed on properties which received market value reductions for contamination.

(f) Except as provided in subdivision 7, failure of the county auditor to prepare or the county treasurer to deliver the notice as required in this section does not invalidate the proposed or final tax levy or the taxes payable pursuant to the tax levy.

(g) If the notice the taxpayer receives under this section lists the property as nonhomestead, and satisfactory documentation is provided to the county assessor by the applicable deadline, and the property qualifies for the homestead classification in that assessment year, the assessor shall reclassify the property to homestead for taxes payable in the following year.

(h) In the case of class 4 residential property used as a residence for lease or rental periods of 30 days or more, the taxpayer must either:

(1) mail or deliver a copy of the notice of proposed property taxes to each tenant, renter, or lessee; or

(2) post a copy of the notice in a conspicuous place on the premises of the property.

The notice must be mailed or posted by the taxpayer by November 27 or within three days of receipt of the notice, whichever is later. A taxpayer may notify the county treasurer of the address of the taxpayer, agent, caretaker, or manager of the premises to which the notice must be mailed in order to fulfill the requirements of this paragraph.

(i) For purposes of this subdivision and subdivision 6, "metropolitan special taxing districts" means the following taxing districts in the seven-county metropolitan area that levy a property tax for any of the specified purposes listed below:

(1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325, 473.446, 473.521, 473.547, or 473.834;

(2) Metropolitan Airports Commission under section 473.667, 473.671, or 473.672; and

(3) Metropolitan Mosquito Control Commission under section 473.711.

For purposes of this section, any levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A shall be included with the appropriate county's levy.

(j) The governing body of a county, city, or school district may, with the consent of the county board, include supplemental information with the statement of proposed property taxes about the impact of state aid increases or decreases on property tax increases or decreases and on the level of services provided in the affected jurisdiction. This supplemental information may include information for the following year, the current year, and for as many consecutive preceding years as deemed appropriate by the governing body of the county, city, or school district. It may include only information regarding:

(1) the impact of inflation as measured by the implicit price deflator for state and local government purchases;

(2) population growth and decline;

(3) state or federal government action; and

(4) other financial factors that affect the level of property taxation and local services that the governing body of the county, city, or school district may deem appropriate to include.

The information may be presented using tables, written narrative, and graphic representations and may contain instruction toward further sources of information or opportunity for comment.

EFFECTIVE DATE. This section is effective beginning with property taxes payable in 2026.

Sec. 13. Minnesota Statutes 2022, section 276.04, subdivision 2, as amended by Laws 2024, chapter 85, section 87, is amended to read:

Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the printing of the tax statements. The commissioner of revenue shall prescribe the form of the property tax statement and its contents. The tax statement must not state or imply that property tax credits are paid by the state of Minnesota. The statement must contain a tabulated statement of the dollar amount due to each taxing authority and the amount of the state tax from the parcel of real property for which a particular tax statement is prepared. The dollar amounts attributable to the county, the state tax, the voter approved school tax, the other local school tax, the township or municipality, and the total of the metropolitan special taxing districts as defined in section 275.065, subdivision 3, paragraph (i), must be separately

stated. The amounts due all other special taxing districts, if any, may be aggregated except that any levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A shall be listed on a separate line directly under the appropriate county's levy. If the county levy under this paragraph includes an amount for a lake improvement district as defined under sections 103B.501 to 103B.581, the amount attributable for that purpose must be separately stated from the remaining county levy amount. In the case of Ramsey County, if the county levy under this paragraph includes an amount for public library service under section 134.07, the amount attributable for that purpose may be separated from the remaining county levy amount. The amount of the tax on homesteads qualifying under the senior citizens' property tax deferral program under chapter 290B is the total amount of property tax before subtraction of the deferred property tax amount. The amount of the tax on contamination value imposed under sections 270.91 to 270.98, if any, must also be separately stated. The dollar amounts, including the dollar amount of any special assessments, may be rounded to the nearest even whole dollar. For purposes of this section whole odd-numbered dollars may be adjusted to the next higher even-numbered dollar.

(b) The property tax statements for manufactured homes and sectional structures taxed as personal property shall contain the same information that is required on the tax statements for real property.

(c) Real and personal property tax statements must contain the following information in the order given in this paragraph. The information must contain the current year tax information in the right column with the corresponding information for the previous year in a column on the left:

(1) the property's estimated market value under section 273.11, subdivision 1;

(2) the property's homestead market value exclusion under section 273.13, subdivision 35;

(3) the property's taxable market value under section 272.03, subdivision 15;

(4) the property's gross tax, before credits;

(5) for agricultural properties, the credits under sections 273.1384 and 273.1387;

(6) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135; 273.1389; 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit received under section 273.135 must be separately stated and identified as "taconite tax relief"; and

(7) the net tax payable in the manner required in paragraph (a).

(d) If the county uses envelopes for mailing property tax statements and if the county agrees, a taxing district may include a notice with the property tax statement notifying taxpayers when the taxing district will begin its budget deliberations for the current year, and encouraging taxpayers to attend the hearings. If the county allows notices to be included in the envelope containing the property tax statement, and if more than one taxing district relative to a given property decides to include a notice with the tax statement, the county treasurer or auditor must coordinate the process and may combine the information on a single announcement.

EFFECTIVE DATE. This section is effective beginning with property taxes payable in 2026.

Sec. 14. Minnesota Statutes 2022, 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;

(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 allowed as a deduction under section 290.0123.

(e) A claimant who elects to receive advance payments under section 290A.071 must file a claim for a homestead credit refund as a return to reconcile their advanced payment.

EFFECTIVE DATE. This section is effective for credits applied to property taxes payable in 2026 and thereafter.

Sec. 15. Minnesota Statutes 2023 Supplement, section 290A.03, subdivision 13, is amended to read:

Subd. 13. **Property taxes payable.** (a) "Property taxes payable" means the property tax exclusive of:

(1) 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;~~

(2) any other state paid property tax credits in any calendar year, except the credit under section 273.1389; and

(3) 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.

(b) 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.

(c) 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.

(d) For manufactured homes, "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.

(e) 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.

(f) Property taxes are considered payable in the year prescribed by law for payment of the taxes.

(g) 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 31 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 31 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 for refunds based on property taxes payable in 2026 and thereafter.

Sec. 16. Minnesota Statutes 2022, section 290A.03, is amended by adding a subdivision to read:

Subd. 17. **Eligible senior claimant.** "Eligible senior claimant" means a claimant who, for the year property taxes were payable:

(1) attained at least the age of 65; or

(2) in the case of a married claimant filing a joint claim, one spouse has attained at least the age of 65 and the other spouse has attained at least the age of 62.

EFFECTIVE DATE. This section is effective for advance payment elections after December 31, 2024, for credits applied to property taxes payable in 2026 and thereafter.

Sec. 17. Minnesota Statutes 2022, section 290A.03, is amended by adding a subdivision to read:

Subd. 18. **Homestead credit refund.** "Homestead credit refund" means the refund under section 290A.04, subdivision 2.

EFFECTIVE DATE. This section is effective for advance payment elections after December 31, 2024, for credits applied to property taxes payable in 2026 and thereafter.

Sec. 18. **[290A.071] ADVANCE CREDIT OF HOMESTEAD CREDIT REFUNDS.**

Subdivision 1. Advance payment election established. The commissioner must establish a process to allow an eligible senior claimant to elect to receive advance credit of the homestead credit refund, as provided in this section.

Subd. 2. Election for senior claimants to receive advance payments. At the time of filing a claim for the homestead credit refund, an eligible senior claimant may elect to receive an advance credit of the claimant's homestead credit refund for property taxes payable in the following year by applying for the advance homestead credit for seniors under section 273.1389. The application must be made in the form and manner specified by the commissioner, but the claimant must attest that they intend to continue to occupy the same homestead in the following year. To receive an advance credit under this section, a claimant must submit an application to the commissioner no later than August 15 of the year prior to the property taxes payable year.

Subd. 3. **Reconciliation.** (a) A claimant's homestead credit refund is reduced by the amount of any advance homestead credit for seniors under section 273.1389 received by the claimant. If a claimant's credit exceeds the amount of the refund for which the claimant was eligible, the claimant must repay to the commissioner the difference between the amount of advance payments received and the credit amount for which the claimant is eligible.

(b) The commissioner must deposit repayments under this subdivision in the general fund.

(c) A claimant that receives an advance credit under this section and section 273.1389 must file a claim for a homestead credit refund for the property taxes payable year for which the advanced credit was received. If the claimant does not submit an application by August 15 of the property taxes payable year for which the claimant received an advance credit, the commissioner may assess a penalty consistent with the penalty for a late individual income tax return under section 289A.60, subdivision 1, paragraph (c), and interest as provided in section 289A.55.

EFFECTIVE DATE. This section is effective for advance payment elections after December 31, 2024, for credits applied to property taxes payable in 2026 and thereafter.

Sec. 19. Minnesota Statutes 2022, section 469.1812, is amended by adding a subdivision to read:

Subd. 2a. **Land bank organization.** "Land bank organization" means an organization that, at least in part, acquires, holds, or manages vacant, blighted, foreclosed, or tax-forfeited property for future development, redevelopment, or disposal, and that is either:

(1) a nonprofit organization exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code whose governing board members are elected or appointed by the state of Minnesota, any political subdivision of the state of Minnesota, or an agency of the state of Minnesota or its political subdivisions, or are elected or appointed officials of the state of Minnesota or any of its political subdivisions; or

(2) a limited liability company of which a nonprofit organization described in clause (1) is the sole member.

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

Sec. 20. Minnesota Statutes 2022, section 469.1813, subdivision 1, is amended to read:

Subdivision 1. **Authority.** The governing body of a political subdivision may grant a current or prospective abatement, by contract or otherwise, of the taxes imposed by the political subdivision on a parcel of property, which may include personal property and machinery, or defer the payments of the taxes and abate the interest and penalty that otherwise would apply, if:

(1) it expects the benefits to the political subdivision of the proposed abatement agreement to at least equal the costs to the political subdivision of the proposed agreement or intends the abatement to phase in a property tax increase, as provided in clause (2)(vii); and

(2) it finds that doing so is in the public interest because it will:

(i) increase or preserve tax base;

(ii) provide employment opportunities in the political subdivision;

(iii) provide or help acquire or construct public facilities;

(iv) help redevelop or renew blighted areas;

(v) help provide access to services for residents of the political subdivision;

(vi) finance or provide public infrastructure;

(vii) phase in a property tax increase on the parcel resulting from an increase of 50 percent or more in one year on the estimated market value of the parcel, other than increase attributable to improvement of the parcel; ~~or~~

(viii) stabilize the tax base through equalization of property tax revenues for a specified period of time with respect to a taxpayer whose real and personal property is subject to valuation under Minnesota Rules, chapter 8100;

(ix) provide for the development of affordable housing to households at or below 80 percent of area median income as estimated by the United States Department of Housing and Urban Development for the political subdivision in which the project is located; or

(x) allow the property to be held by a land bank organization for future development.

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

Sec. 21. Minnesota Statutes 2022, section 469.1813, subdivision 6, is amended to read:

Subd. 6. **Duration limit.** (a) A political subdivision may grant an abatement for a period no longer than 15 years, except as provided under ~~paragraph~~ paragraphs (b) and (c). The abatement period commences in the first year in which the abatement granted is either paid or retained in accordance with section 469.1815, subdivision 2. The subdivision may specify in the abatement resolution a shorter duration. If the resolution does not specify a period of time, the abatement is for eight years. If an abatement has been granted to a parcel of property and the period of the abatement has expired, the political subdivision that granted the abatement may not grant another abatement for eight years after the expiration of the first abatement. This prohibition does not apply to improvements added after and not subject to the first abatement. Economic abatement agreements for real and personal property subject to valuation under Minnesota Rules, chapter 8100, are not subject to this prohibition and may be granted successively.

(b) A political subdivision proposing to abate taxes for a parcel may request, in writing, that the other political subdivisions in which the parcel is located grant an abatement for the property. If one of the other political subdivisions declines, in writing, to grant an abatement or if 90 days pass after receipt of the request to grant an abatement without a written response from one of the political subdivisions, the duration limit for an abatement for the parcel by the requesting political subdivision and any other participating political subdivision is increased to 20 years. If the political subdivision which declined to grant an abatement later grants an abatement for the parcel, the 20-year duration limit is reduced by one year for each year that the declining political subdivision grants an abatement for the parcel during the period of the abatement granted by the requesting political subdivision. The duration limit may not be reduced below the limit under paragraph (a).

(c) An abatement under subdivision 1, clause (2), items (ix) and (x), may be granted for a period no longer than five years. This limit also applies if the resolution does not specify a period of time.

EFFECTIVE DATE. This section is effective for abatement resolutions approved after the day following final enactment.

Sec. 22. Minnesota Statutes 2022, section 469.1813, is amended by adding a subdivision to read:

Subd. 11. **Repayment.** A land bank organization receiving an abatement under subdivision 1, clause (2), item (ix) or (x), must repay the abatement with interest if the land for which the abatement was granted is used for a purpose other than the purpose given by the land bank organization prior to redevelopment. This subdivision applies immediately after the abatement under this section expires. Land is subject to repayment under this subdivision for the same number of years that the abatement was granted. Interest under this section is payable at the rate determined in section 270C.40, subdivision 5.

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

Sec. 23. Minnesota Statutes 2023 Supplement, section 477A.30, subdivision 4, is amended to read:

Subd. 4. **Use of proceeds.** (a) Counties and Tribal governments that receive a distribution under this section must use the proceeds to fund new or existing family homeless prevention and assistance projects or programs. These projects or programs may be administered by a county, a group of contiguous counties jointly acting together, a city, a group of contiguous cities jointly acting together, a Tribal government, a group of Tribal governments, or a community-based nonprofit organization. Each project or program must include plans for:

(1) targeting families with children who are eligible for a prekindergarten through grade 12 academic program and are:

- (i) living in overcrowded conditions in their current housing;
- (ii) paying more than 50 percent of their income for rent; or
- (iii) lacking a fixed, regular, and adequate nighttime residence;

(2) targeting unaccompanied youth in need of an alternative residential setting;

(3) connecting families with the social services necessary to maintain the families' stability in their homes, including but not limited to housing navigation, legal representation, and family outreach; and

(4) one or more of the following:

- (i) providing rental assistance for a specified period of time which may exceed 24 months; or
- (ii) providing support and case management services to improve housing stability, including but not limited to housing navigation and family outreach.

(b) Aid distributions under this section must not be used to cover the costs of removing from an encampment any individuals living at the encampment or clearing the encampment site of any personal property used by individuals living at the encampment.

~~(b)~~ (c) Counties may choose not to spend all or a portion of the distribution under this section. Any unspent funds must be returned to the commissioner of revenue by December 31 of the year following the year that the aid was received. Any funds returned to the commissioner under this paragraph must be added to the overall distribution of aids certified under this section in the following year. Any unspent funds returned to the commissioner after the expiration under subdivision 8 are canceled to the general fund.

EFFECTIVE DATE. This section is effective beginning with aids payable in 2024.

Sec. 24. Minnesota Statutes 2023 Supplement, section 477A.30, subdivision 5, is amended to read:

Subd. 5. **Payments.** The commissioner of revenue must compute the amount of local homeless prevention aid payable to each county and Tribal government under this section. On or before August 1 of each year, the commissioner shall certify the amount to be paid to each county and Tribal government in the following year. The commissioner shall pay local homeless prevention aid annually at the times provided in section 477A.015. For aids payable in ~~2023~~ 2024 only, the commissioner must recalculate and recertify the aid under this section by July 15, ~~2023~~ 2024.

EFFECTIVE DATE. This section is effective beginning with aids payable in 2024.

Sec. 25. Minnesota Statutes 2023 Supplement, section 477A.30, subdivision 6, is amended to read:

Subd. 6. **Appropriation.** (a) For aid payable in 2024, \$22,000,000 is appropriated from the general fund to the commissioner of revenue to make payments to counties required under this section. For aid payable in 2025 and thereafter, \$17,600,000 is annually appropriated from the general fund to the commissioner of revenue to make payments to counties required under this section.

(b) For aid payable in 2024, \$3,000,000 is appropriated from the general fund to the commissioner of revenue to make payments to Tribal governments required under this section. For aid payable in 2025 and thereafter, \$2,400,000 is annually appropriated from the general fund to the commissioner of revenue to make payments to Tribal governments required under this section.

EFFECTIVE DATE. This section is effective beginning with aids payable in 2024.

Sec. 26. Minnesota Statutes 2023 Supplement, section 477A.30, subdivision 7, is amended to read:

Subd. 7. **Report.** (a) No later than January 15, 2025, the commissioner of revenue must produce a report on projects and programs funded by counties and Tribal governments under this section. The report must include a list of the projects and programs, the number of people served by each, and an assessment of how each project and program impacts people who are currently experiencing homelessness or who are at risk of experiencing homelessness, as reported by the counties and Tribal governments to the commissioner by December 31 each year on a form prescribed by the commissioner. The commissioner must provide a copy of the report to the chairs and ranking minority members of the legislative committees with jurisdiction over property taxes and services for persons experiencing homelessness.

(b) The report in paragraph (a) must be updated ~~every two years in 2027 and 2029~~ in 2027 and 2029 and the commissioner of revenue must provide copies of the updated reports to the chairs and ranking minority members of the legislative committees with jurisdiction over property taxes and services for persons experiencing homelessness by January 15 of the year the report is due. Report requirements under this subdivision expire following the report which includes the ~~final distribution preceding the expiration in subdivision 8 in 2028.~~

EFFECTIVE DATE. This section is effective beginning with aids payable in 2024.

Sec. 27. **2023 AID PENALTY FORGIVENESS; CITY OF STEWART.**

Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Stewart must receive its aid payment for calendar year 2023 under Minnesota Statutes, section 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3, provided that the state auditor certifies to the commissioner of revenue that it received the annual financial reporting form for 2022 from the city by June 1, 2024. The commissioner of revenue must make a payment of \$87,501.50 to the city by June 30, 2024.

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

Sec. 28. **PROPERTY TAX EXEMPTION; RED LAKE NATION COLLEGE.**

(a) Notwithstanding Minnesota Statutes, section 272.02, subdivision 38, paragraph (b), and any other law to the contrary, property located in the city of Minneapolis acquired by Red Lake Nation College Without Borders, LLC in either August 2021 or September 2021 is exempt from property taxes payable in 2022 and the portion of property taxes payable in 2021 due after the property was acquired. The city assessor must provide the property owner with an application for exemption under this section and the property owner must file the application with the city assessor by August 1, 2024. An amount necessary to make a payment to the county for the property taxes attributable to the exemption is appropriated from the general fund to the commissioner of revenue in fiscal year 2025.

(b) By August 1, 2024, the auditor of the county in which the property is located must certify to the commissioner of revenue the amount to be paid by the commissioner of revenue to the county under paragraph (a). The commissioner of revenue must make this payment by August 15, 2024. The county auditor must distribute the payment to the property owner by August 31, 2024.

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

Sec. 29. **APPROPRIATION; ADMINISTRATION OF ADVANCE HOMESTEAD CREDIT FOR SENIORS.**

\$158,000 in fiscal year 2025 is appropriated from the general fund to the commissioner of revenue to administer the advance homestead credit for seniors in Minnesota Statutes, sections 273.1389 and 290A.071. The base for this appropriation is \$118,000 in fiscal year 2026 and \$116,000 in fiscal year 2027.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 30. **REPEALER.**

Minnesota Statutes 2023 Supplement, section 477A.30, subdivision 8, is repealed.

ARTICLE 3
MINERALS TAXES

Section 1. Minnesota Statutes 2022, section 123B.53, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For purposes of this section, the eligible debt service revenue of a district is defined as follows:

(1) the amount needed to produce between five and six percent in excess of the amount needed to meet when due the principal and interest payments on the obligations of the district for eligible projects according to subdivision 2, excluding the amounts listed in paragraph (b), minus

(2) the amount of debt service excess levy reduction for that school year calculated according to the procedure established by the commissioner.

(b) The obligations in this paragraph are excluded from eligible debt service revenue:

(1) obligations under section 123B.61;

(2) the part of debt service principal and interest paid from the taconite environmental protection fund or Douglas J. Johnson economic protection trust, excluding the portion of taconite payments from the Iron Range school ~~consolidation and cooperatively operated school~~ and community development account under section 298.28, subdivision 7a;

(3) obligations for long-term facilities maintenance under section 123B.595;

(4) obligations under section 123B.62; and

(5) obligations equalized under section 123B.535.

(c) For purposes of this section, if a preexisting school district reorganized under sections 123A.35 to 123A.43, 123A.46, and 123A.48 is solely responsible for retirement of the preexisting district's bonded indebtedness or capital loans, debt service equalization aid must be computed separately for each of the preexisting districts.

(d) For purposes of this section, the adjusted net tax capacity determined according to sections 127A.48 and 273.1325 shall be adjusted to include the tax capacity of property generally exempted from ad valorem taxes under section 272.02, subdivision 64.

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

Sec. 2. Minnesota Statutes 2022, section 273.135, subdivision 2, is amended to read:

Subd. 2. **Reduction amount.** The amount of the reduction authorized by subdivision 1 shall be:

(a) In the case of property located within a municipality as defined under section 273.134, paragraph (a), 66 percent of the tax, provided that the reduction shall not exceed the maximum amounts specified in paragraph (c).

(b) In the case of property located within the boundaries of a school district which qualifies as a tax relief area under section 273.134, paragraph (b), but which is outside the boundaries of a municipality which meets the qualifications prescribed in section 273.134, paragraph (a), 57 percent of the tax, provided that the reduction shall not exceed the maximum amounts specified in paragraph (c).

(c) The maximum reduction of the tax is ~~\$315.10~~ \$515 on property described in paragraph (a) and ~~\$289.80 on~~ property described in paragraph (b).

EFFECTIVE DATE. This section is effective beginning with property taxes payable in 2025.

Sec. 3. Minnesota Statutes 2022, section 275.065, is amended by adding a subdivision to read:

Subd. 3c. **Notice of proposed taxes; property subject to chapter 276A.** In the case of property subject to the areawide tax under section 276A.06, subdivision 7, for both the current year taxes and the proposed tax amounts, the net tax capacity portion of the taxes shown for each taxing jurisdiction must be based on the property's total net tax capacity multiplied by the jurisdiction's actual or proposed net tax capacity tax rate. In addition to the tax amounts shown for each jurisdiction, the statement must include a line showing the "fiscal disparities adjustment" equal to the total gross tax payable minus the sum of the tax amounts shown for the individual taxing jurisdictions. The fiscal disparities adjustment may be a negative number. If the fiscal disparities adjustment for either the current year taxes or the proposed tax amount is a negative number, the percentage change must not be shown. In all other respects the statement must fulfill the requirements of subdivision 3.

EFFECTIVE DATE. This section is effective beginning with proposed notices for property taxes payable in 2025.

Sec. 4. Minnesota Statutes 2022, section 276.04, is amended by adding a subdivision to read:

Subd. 2a. Contents of tax statements; property subject to chapter 276A. In the case of property subject to the areawide tax under section 276A.06, subdivision 7, for both the current year taxes and the previous year tax amounts, the net tax capacity portion of the tax shown for each taxing jurisdiction must be based on the property's total net tax capacity multiplied by the jurisdiction's net tax capacity tax rate. In addition to the tax amounts shown for each jurisdiction, the statement must include a line showing the "fiscal disparities adjustment" equal to the total gross tax payable minus the sum of the tax amounts shown for the individual taxing jurisdictions for each year. The fiscal disparities adjustment may be a negative number. In all other respects the statement must fulfill the requirements of subdivision 2.

EFFECTIVE DATE. This section is effective beginning with proposed notices for property taxes payable in 2025.

Sec. 5. Minnesota Statutes 2022, section 276A.01, subdivision 17, is amended to read:

Subd. 17. School fund allocation. (a) "School fund allocation" means an amount up to 25 percent of the areawide levy certified by the commissioner of Iron Range resources and rehabilitation, after consultation with the Iron Range Resources and Rehabilitation Board, to be used for the purposes of the Iron Range school ~~consolidation and cooperatively operated school~~ and community development account under section 298.28, subdivision 7a.

(b) The allocation under paragraph (a) shall only be made after the commissioner of Iron Range resources and rehabilitation, after consultation with the Iron Range Resources and Rehabilitation Board, has certified by June 30 that the Iron Range school ~~consolidation and cooperatively operated~~ and community development account has insufficient funds to make payments as authorized under section 298.28, subdivision 7a.

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

Sec. 6. Minnesota Statutes 2022, section 276A.06, subdivision 8, is amended to read:

Subd. 8. Certification of values; payment. The administrative auditor shall determine for each county the difference between the total levy on distribution value pursuant to subdivision 3, clause (1), including the school fund allocation within the county and the total tax on contribution value pursuant to subdivision 7, within the county. On or before May 16 of each year, the administrative auditor shall certify the differences so determined and the county's portion of the school fund allocation to each county auditor. In addition, the administrative auditor shall certify to those county auditors for whose county the total tax on contribution value exceeds the total levy on distribution value the settlement the county is to make to the other counties of the excess of the total tax on contribution value over the total levy on distribution value in the county. On or before June 15 and November 15 of each year, each county treasurer in a county having a total tax on contribution value in excess of the total levy on distribution value shall pay one-half of the excess to the other counties in accordance with the administrative auditor's certification. On or before June 15 and November 15 of each year, each county treasurer shall pay to the administrative auditor that county's share of the school fund allocation. On or before December 1 of each year, the administrative auditor shall pay the school fund allocation to the commissioner of Iron Range resources and rehabilitation for deposit in the Iron Range school ~~consolidation and cooperatively operated~~ and community development account.

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

Sec. 7. Minnesota Statutes 2023 Supplement, section 298.018, subdivision 1, is amended to read:

Subdivision 1. **Within taconite assistance area.** (a) The proceeds of the tax paid under sections 298.015 and 298.016 on ores, metals, or minerals mined or extracted within the taconite assistance area defined in section 273.1341, shall be allocated as follows:

(1) except as provided under paragraph (b), five percent to the city or town within which the minerals or energy resources are mined or extracted, or within which the concentrate was produced. If the mining and concentration, or different steps in either process, are carried on in more than one taxing district, the commissioner shall apportion equitably the proceeds among the cities and towns by attributing 50 percent of the proceeds of the tax to the operation of mining or extraction, and the remainder to the concentrating plant and to the processes of concentration, and with respect to each thereof giving due consideration to the relative extent of the respective operations performed in each taxing district;

(2) ten percent to the taconite municipal aid account to be distributed as provided in section 298.282, subdivisions 1 and 2, on the dates provided under this section;

(3) ten percent to the school district within which the minerals or energy resources are mined or extracted, or within which the concentrate was produced. If the mining and concentration, or different steps in either process, are carried on in more than one school district, distribution among the school districts must be based on the apportionment formula prescribed in clause (1);

(4) 20 percent to a group of school districts comprised of those school districts wherein the mineral or energy resource was mined or extracted or in which there is a qualifying municipality as defined by section 273.134, paragraph (b), in direct proportion to school district indexes as follows: for each school district, its pupil units determined under section 126C.05 for the prior school year shall be multiplied by the ratio of the average adjusted net tax capacity per pupil unit for school districts receiving aid under this clause as calculated pursuant to chapters 122A, 126C, and 127A for the school year ending prior to distribution to the adjusted net tax capacity per pupil unit of the district. Each district shall receive that portion of the distribution which its index bears to the sum of the indices for all school districts that receive the distributions;

(5) ten percent to the county within which the minerals or energy resources are mined or extracted, or within which the concentrate was produced. If the mining and concentration, or different steps in either process, are carried on in more than one county, distribution among the counties must be based on the apportionment formula prescribed in clause (1), provided that any county receiving distributions under this clause shall pay one percent of its proceeds to the Range Association of Municipalities and Schools;

(6) five percent to St. Louis County acting as the counties' fiscal agent to be distributed as provided in sections 273.134 to 273.136;

(7) 20 percent to the commissioner of Iron Range resources and rehabilitation for the purposes of section 298.22;

(8) three percent to the Douglas J. Johnson economic protection trust fund;

(9) seven percent to the taconite environmental protection fund; and

(10) ten percent to the commissioner of Iron Range resources and rehabilitation for capital improvements to Giants Ridge Recreation Area.

(b) If the materials or energy resources are mined, extracted, or concentrated in School District No. 2711, Mesabi East, then the amount under paragraph (a), clause (1), must instead be distributed pursuant to this paragraph. The cities of Aurora, Babbitt, Ely, and Hoyt Lakes must each receive 20 percent of the amount. The city of Biwabik and Embarrass Township must each receive ten percent of the amount.

(c) For the first five years that tax paid under section 298.015, subdivisions 1 and 2, is distributed under this subdivision, ten percent of the total proceeds distributed in each year must first be distributed pursuant to this paragraph. The remaining 90 percent of the total proceeds distributed in each of those years must be distributed as outlined in paragraph (a). Of the amount available under this paragraph, the cities of Aurora, Babbitt, Ely, and Hoyt Lakes must each receive 20 percent. Of the amount available under this paragraph, the city of Biwabik and Embarrass Township must each receive ten percent. This paragraph applies only to tax paid by a person engaged in the business of mining within the area described in section 273.1341, clauses (1) and (2).

EFFECTIVE DATE. This section is effective beginning with the 2025 distribution.

Sec. 8. Minnesota Statutes 2022, section 298.17, is amended to read:

298.17 OCCUPATION TAXES TO BE APPORTIONED.

(a) All occupation taxes paid by persons, copartnerships, companies, joint stock companies, corporations, and associations, however or for whatever purpose organized, engaged in the business of mining or producing iron ore or other ores, when collected shall be apportioned and distributed in accordance with the Constitution of the state of Minnesota, article X, section 3, in the manner following: 90 percent shall be deposited in the state treasury and credited to the general fund of which four-ninths shall be used for the support of elementary and secondary schools; and ten percent of the proceeds of the tax imposed by this section shall be deposited in the state treasury and credited to the general fund for the general support of the university.

(b) Of the money apportioned to the general fund by this section: (1) there is annually appropriated and credited to the mining environmental and regulatory account in the special revenue fund an amount equal to that which would have been generated by a 2-1/2 cent tax imposed by section 298.24 on each taxable ton produced in the preceding calendar year. Money in the mining environmental and regulatory account is appropriated annually to the commissioner of natural resources to fund agency staff to work on environmental issues and provide regulatory services for ferrous and nonferrous mining operations in this state. Payment to the mining environmental and regulatory account shall be made by July 1 annually. The commissioner of natural resources shall execute an interagency agreement with the Pollution Control Agency to assist with the provision of environmental regulatory services such as monitoring and permitting required for ferrous and nonferrous mining operations; (2) there is annually appropriated and credited to the Iron Range resources and rehabilitation account in the special revenue fund an amount equal to that which would have been generated by a 1.5 cent tax imposed by section 298.24 on each taxable ton produced in the preceding calendar year, to be expended for the purposes of section 298.22; and (3) there is annually appropriated and credited to the Iron Range resources and rehabilitation account in the special revenue fund for transfer to the Iron Range school ~~consolidation and cooperatively operated school~~ and community development account under section 298.28, subdivision 7a, an amount equal to that which would have been generated by a six cent tax imposed by section 298.24 on each taxable ton produced in the preceding calendar year. Payment to the Iron Range resources and rehabilitation account shall be made by May 15 annually.

(c) The money appropriated pursuant to paragraph (b), clause (2), shall be used (i) to provide environmental development grants to local governments located within any county in region 3 as defined in governor's executive order number 60, issued on June 12, 1970, which does not contain a municipality qualifying pursuant to section 273.134, paragraph (b), or (ii) to provide economic development loans or grants to businesses located within any such county, provided that the county board or an advisory group appointed by the county board to provide

recommendations on economic development shall make recommendations to the commissioner of Iron Range resources and rehabilitation regarding the loans. Payment to the Iron Range resources and rehabilitation account shall be made by May 15 annually.

(d) Of the money allocated to Koochiching County, one-third must be paid to the Koochiching County Economic Development Commission.

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

Sec. 9. Minnesota Statutes 2023 Supplement, section 298.28, subdivision 7a, is amended to read:

Subd. 7a. **Iron Range school consolidation and cooperatively operated school and community development account.** (a) The following amounts must be allocated to the commissioner of Iron Range resources and rehabilitation to be deposited in the Iron Range school ~~consolidation and cooperatively operated school and community development~~ development account that is hereby created:

- (1) for distributions beginning in 2015, ten cents per taxable ton of the tax imposed under section 298.24;
- (2) the amount as determined under section 298.17, paragraph (b), clause (3); and
- (3) any other amount as provided by law.

(b) Expenditures from this account may be approved as ongoing annual expenditures and shall be made only to provide disbursements to assist school districts with the payment of bonds that were issued for qualified school projects, or for any other school disbursement as approved by the commissioner of Iron Range resources and rehabilitation after consultation with the Iron Range Resources and Rehabilitation Board. For purposes of this section, "qualified school projects" means school projects within the taconite assistance area as defined in section 273.1341, that were (1) approved, by referendum, after April 3, 2006; and (2) approved by the commissioner of education pursuant to section 123B.71.

(c) Beginning in fiscal year 2019, the disbursement to school districts for payments for bonds issued under section 123A.482, subdivision 9, must be increased each year to offset any reduction in debt service equalization aid that the school district qualifies for in that year, under section 123B.53, subdivision 6, compared with the amount the school district qualified for in fiscal year 2018.

(d) No expenditure under this section shall be made unless approved by the commissioner of Iron Range resources and rehabilitation after consultation with the Iron Range Resources and Rehabilitation Board.

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

Sec. 10. Minnesota Statutes 2022, section 298.28, subdivision 8, is amended to read:

Subd. 8. **Range Association of Municipalities and Schools.** ~~30~~ 0.50 cent per taxable ton shall be paid to the Range Association of Municipalities and Schools, for the purpose of providing an areawide approach to problems which demand coordinated and cooperative actions and which are common to those areas of northeast Minnesota affected by operations involved in mining iron ore and taconite and producing concentrate therefrom, and for the purpose of promoting the general welfare and economic development of the cities, towns, and school districts within the Iron Range area of northeast Minnesota.

EFFECTIVE DATE. This section is effective beginning with the 2024 distribution.

Sec. 11. Minnesota Statutes 2023 Supplement, section 298.28, subdivision 16, is amended to read:

Subd. 16. **Transfer.** Of the amount annually distributed to the Douglas J. Johnson Economic Protection Trust Fund under this section, ~~\$3,500,000~~ the following amounts shall be transferred to the Iron Range school consolidation and cooperatively operated school and community development account under subdivision 7a. For distributions in 2024, \$6,250,000 must be transferred. For distributions in 2025 through 2029, \$6,500,000 must be transferred. For distributions in 2030 through 2034, \$5,500,000 must be transferred. For distributions in 2035 and 2036, \$5,000,000 must be transferred. For distributions in 2037 and thereafter, \$3,500,000 must be transferred. Any remaining amount of the amount annually distributed to the Douglas J. Johnson Economic Protection Trust Fund shall be transferred to the Iron Range resources and rehabilitation account under subdivision 7. The transfers under this subdivision must be made within ten days of the August payment.

EFFECTIVE DATE. This section is effective beginning with the 2024 distribution.

Sec. 12. Minnesota Statutes 2022, section 298.282, subdivision 1, is amended to read:

Subdivision 1. **Distribution of taconite municipal aid account.** (a) The amount deposited with the county as provided in section 298.28, subdivision 3, must be distributed as provided by this section among: (1) the municipalities located within a taconite assistance area under section 273.1341 that meet the criteria of section 273.1341, clause (1) or (2); (2) a township that contains a state park consisting primarily of an underground iron ore mine; (3) a city located within five miles of that state park; and (4) Breitung Township in St. Louis County, each being referred to in this section as a qualifying municipality. The distribution to Breitung Township under this subdivision shall be ~~\$15,000~~ \$25,000 annually.

(b) The amount deposited in the state general fund as provided in section 298.018, subdivision 1, must be distributed in the same manner as provided under paragraph (a), except that subdivisions 3, 4, and 5 do not apply, and the distributions shall be made on the dates provided under section 298.018, subdivision 1a.

EFFECTIVE DATE. This section is effective beginning with the 2024 distribution.

Sec. 13. Minnesota Statutes 2022, section 298.292, subdivision 2, is amended to read:

Subd. 2. **Use of money.** (a) Money in the Douglas J. Johnson economic protection trust fund may be used for the following purposes:

(1) to provide loans, loan guarantees, interest buy-downs and other forms of participation with private sources of financing, but a loan to a private enterprise shall be for a principal amount not to exceed one-half of the cost of the project for which financing is sought, and the rate of interest on a loan to a private enterprise shall be no less than the lesser of eight percent or an interest rate three percentage points less than a full faith and credit obligation of the United States government of comparable maturity, at the time that the loan is approved;

(2) to fund reserve accounts established to secure the payment when due of the principal of and interest on bonds issued pursuant to section 298.2211, including bonds authorized by the legislature to be repaid from the distributions under section 298.28, subdivision 7a;

(3) to pay in periodic payments or in a lump-sum payment any or all of the interest on bonds issued pursuant to chapter 474 for the purpose of constructing, converting, or retrofitting heating facilities in connection with district heating systems or systems utilizing alternative energy sources;

(4) to invest in a venture capital fund or enterprise that will provide capital to other entities that are engaging in, or that will engage in, projects or programs that have the purposes set forth in subdivision 1. No investments may be made in a venture capital fund or enterprise unless at least two other unrelated investors make investments of at least \$500,000 in the venture capital fund or enterprise, and the investment by the Douglas J. Johnson economic protection trust fund may not exceed the amount of the largest investment by an unrelated investor in the venture capital fund or enterprise. For purposes of this subdivision, an "unrelated investor" is a person or entity that is not related to the entity in which the investment is made or to any individual who owns more than 40 percent of the value of the entity, in any of the following relationships: spouse, parent, child, sibling, employee, or owner of an interest in the entity that exceeds ten percent of the value of all interests in it. For purposes of determining the limitations under this clause, the amount of investments made by an investor other than the Douglas J. Johnson economic protection trust fund is the sum of all investments made in the venture capital fund or enterprise during the period beginning one year before the date of the investment by the Douglas J. Johnson economic protection trust fund; and

(5) to purchase forest land in the taconite assistance area defined in section 273.1341 to be held and managed as a public trust for the benefit of the area for the purposes authorized in section 298.22, subdivision 5a. Property purchased under this section may be sold by the commissioner, after consultation with the advisory board. The net proceeds must be deposited in the trust fund for the purposes and uses of this section.

(b) Money from the trust fund shall be expended only in ~~or for the benefit of~~ the taconite assistance area defined in section 273.1341.

(c) Money devoted to the trust fund under this section shall not be expended, appropriated, or transferred from the trust fund for any purpose except as provided in this section.

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

Sec. 14. IRON RANGE RESOURCES AND REHABILITATION COMMISSIONER; BONDS AUTHORIZED IN 2024.

Subdivision 1. Issuance; purpose. (a) Notwithstanding any provision of Minnesota Statutes, chapter 298, to the contrary, the commissioner of Iron Range resources and rehabilitation shall, by March 31, 2025, issue revenue bonds in a principal amount of up to \$49,000,000 plus an amount sufficient to pay costs of issuance in one or more series, and thereafter may issue bonds to refund those bonds. The proceeds of the bonds must be used to pay the costs of issuance and to make distributions pursuant this section. The commissioner of Iron Range resources and rehabilitation must distribute these transferred funds as outlined in this section. In order to receive a distribution, a recipient must submit to the commissioner a plan of how the distribution will be spent and the commissioner must ensure that the plan matches the intended use outlined in this section. The plan must be submitted in a form and manner determined by the commissioner. The uses listed are not subject to review or recommendation by the Iron Range Resources and Rehabilitation Board. By December 31, 2025, each recipient must report to the commissioner how the distribution received under this section was spent. If a recipient's plan is submitted and approved, the commissioner must distribute the funds for the uses outlined in subdivision 3. The bonds issued under this section do not constitute public debt as that term is defined in article XI, section 4, of the Minnesota Constitution, and as such are not subject to its provisions.

(b) Funds under this section are available for four years from the date the bonds are issued. Any unexpended funds after that date cancel to the taconite environmental fund under Minnesota Statutes, section 298.28, subdivision 9b.

Subd. 2. Appropriation. (a) Notwithstanding any restrictions on expenditures from the account, there is annually appropriated from the distribution of the taconite production tax revenues under Minnesota Statutes, section 298.28, subdivision 7a, an amount sufficient to pay when due the principal and interest on the bonds issued pursuant to subdivision 1. Payments must be made from the account annually after the distribution of the production tax revenues has been made.

(b) If in any year the amount available under paragraph (a) is insufficient to pay principal and interest due on the bonds in that year, an additional amount is appropriated from the Douglas J. Johnson economic protection trust fund to make up the deficiency.

(c) The appropriation under this subdivision terminates upon payment or maturity of the last of the bonds issued under this section.

Subd. 3. **Grants.** (a) The commissioner of Iron Range resources and rehabilitation must distribute funds available for distribution under subdivision 1 for the following uses:

- (1) \$160,000 to the Grand Portage Band of Lake Superior Chippewa to construct a playground;
- (2) \$3,600,000 to the Mesabi Fit Coalition for the renovation, reconstruction, and expansion of the former Mesabi Family YMCA in the city of Mountain Iron;
- (3) \$950,000 to the Buyck Volunteer Fire Department for design, engineering, and construction of a new fire and training hall and related equipment;
- (4) \$750,000 to the Voyageur Trail Society for a joint maintenance facility with Voyageur Country ATV in the city of Orr;
- (5) \$2,250,000 to Cook County, of which \$250,000 must be spent to preserve affordable housing units for seniors in the city of Grand Marais and \$2,000,000 must be used to construct, furnish, and equip a solid waste transfer station in the county;
- (6) \$1,000,000 to the Northland Learning Center for construction costs;
- (7) \$2,720,000 to the city of Chisholm, of which \$520,000 must be used for the renovation of the Chisholm Ice Arena facility and parking and the remaining amount must be used for the public works facility;
- (8) \$1,000,000 to the city of Gilbert for the Gilbert Community Center;
- (9) \$360,000 to the city of Biwabik for housing and infrastructure;
- (10) \$3,000,000 to the city of Tower for water management infrastructure projects;
- (11) \$3,000,000 to the city of Silver Bay to design, engineer, construct, and reconstruct publicly owned infrastructure including sewers, water systems, utility extensions, street construction, wastewater treatment, stormwater management systems, sidewalks, and compliance with the Americans with Disabilities Act;
- (12) \$2,100,000 to St. Louis County for the development of the Canyon Integrated Solid Waste Management Campus;
- (13) \$3,640,000 to the city of Eveleth to design, engineer, and construct public utilities in its business park and construction of the Hat Trick Avenue slip ramp;
- (14) \$700,000 to the city of Meadowlands for costs related to park improvements and a community center;
- (15) \$600,000 to School District No. 2142, St. Louis County, of which \$400,000 must be used for septic system upgrades at South Ridge School and \$200,000 must be used for cafeteria renovations at Northeast Range School in Babbitt and Tower Elementary School in Tower;

- (16) \$250,000 to the city of Two Harbors for band stand repairs and Odegard Park and Trail restoration;
- (17) \$850,000 to the Central Iron Range Sanitary Sewer District for infrastructure projects;
- (18) \$5,070,000 to the Minnesota Discovery Center to design, construct, renovate, furnish, and repair facilities, including HVAC upgrades, demolition, and compliance with the Americans with Disabilities Act, at the Minnesota Discovery Center in the city of Chisholm, and for historical research funding;
- (19) \$5,200,000 to the commissioner of Iron Range resources and rehabilitation for the design, engineering, and upgrades or replacement of chair lifts and for the design, engineering, demolition, and construction of a nordic and welcome center at the Giants Ridge Recreation Area;
- (20) \$250,000 to Independent School District No. 696, Ely, for baseball field renovation;
- (21) \$500,000 to the city of Mountain Iron for the Outdoor Recreation Center;
- (22) \$200,000 to Cook County Higher Education Board for costs to bring commercial drivers' licenses and trades training to the region along with educational training and academic support to remote populations;
- (23) \$200,000 to Save Our Ship, Inc., for construction costs at Knife River;
- (24) \$3,000,000 to Hibbing Public Utilities for water infrastructure projects;
- (25) \$400,000 to Veterans On The Lake for demolition of existing structures and the building of a triplex that is compliant with the Americans with Disabilities Act;
- (26) \$350,000 to the city of Eveleth for the Hippodrome renovation;
- (27) \$500,000 to the Great Expectations School Foundation in Cook County for school facilities construction;
- (28) \$225,000 to the Minnesota Forest Zone Trappers Association to plan, engineer, purchase land, and develop the Sportsperson Training and Development Center;
- (29) \$200,000 to the Sturgeon Chain Lake Association to update the engineering and hydrology study of the lakes, for regulatory and community outreach, and for preparing recommendations to the commissioner of natural resources related to bank stabilization and maintenance;
- (30) \$300,000 to the Northern Lights Music Festival to support programs, of this amount \$100,000 is available each year in calendar years 2025, 2026, and 2027;
- (31) \$250,000 to Cherry Township for recreational facilities upgrades and lights;
- (32) \$350,000 to the East Range Developmental Achievement Center for building renovations;
- (33) \$500,000 to the Northland Foundation for grants or loans to (i) businesses or resorts that were economically damaged by floods that occurred in 2022 or 2023 and which are eligible under article 5 of the Canadian border counties economic relief program, or (ii) outfitters in the border region who experienced either more than a 50 percent reduction in Boundary Waters Canoe Area Wilderness permits obtained by their customers between 2019 and 2021, or a 50 percent reduction between 2019 and 2021 in trips across the fee-based mechanical portages into the Boundary Waters Canoe Area Wilderness or Quetico Provincial Park. Businesses may be awarded a maximum grant under this clause of up to \$50,000, must be located within the taconite assistance area, as defined under

Minnesota Statutes, section 273.1341, and must not have received a grant under the Canadian border counties economic relief program. The Northland Foundation may retain up to four percent of the amount under this clause for administration;

(34) \$3,300,000 to the city of Virginia for a grant to be used for: (i) modernization, renovation, and expansion of the Virginia Hospital emergency room complex to 12 emergency rooms; (ii) construction of an emergency behavior health suite for adults and children; and (iii) security and safety upgrades. The grant must be transferred by the city within 30 days of receipt;

(35) \$100,000 to Crystal Bay Township for a septic project at the Clair Nelson Community Center;

(36) \$25,000 to the Northwoods Friends of the Arts in the city of Cook for facility upgrades and programs;

(37) \$50,000 to the Bois Forte Band of Chippewa for food shelf expenses;

(38) \$100,000 to the Lake Vermilion Cultural Center to improve and renovate the facility and its displays in Tower;

(39) \$50,000 to the Lyric Center for the Arts in Virginia for repairs and renovation;

(40) \$50,000 to the Pioneer Mine historical site for maintenance and displays in Ely;

(41) \$150,000 to the Lake Superior School District to support an emergency preparedness career introduction program;

(42) \$50,000 to the Essentia Health Virginia Regional Foundation for the development of a substance use disorder community education and awareness program;

(43) \$200,000 to the city of Babbitt for ADA compliance and renovations to the city's parks; and

(44) \$500,000 for grants of \$25,000 distributed pursuant to paragraph (b).

(b) Of the amount under paragraph (a), clause (44), grants of \$25,000 to be used for trail grooming costs or equipment must be made available to the following entities:

(1) Alborn Dirt Devils ATV Club;

(2) Wild Country ATV Club;

(3) Ely Igloo Snowmobile Club;

(4) CC Riders Snowmobile Club;

(5) PathBlazers Snowmobile Club;

(6) Cook Timberwolves Snowmobile Club;

(7) Crane Lake Voyageurs Club;

(8) Pequaywan Area Trail Blazers Snowmobile Club;

(9) Eveleth Trail Hawks Snowmobile Club;

(10) Ranger Snowmobile/ATV Club;

(11) Silver Trail Riders Snowmobile and ATV Club;

(12) Voyageur Snowmobile Club;

(13) Mesabi Sno Voyageurs;

(14) Quad Cities ATV Club;

(15) Prospector ATV Club;

(16) Northern Traxx ATV Club;

(17) Finland Snowmobile and ATV Club;

(18) Babbitt ATV and Snowmobile Club;

(19) Cook County ATV Club; and

(20) Vermilion Penguins Snowmobile Club.

EFFECTIVE DATE. This section is effective the day following final enactment and applies beginning with the 2024 distribution under Minnesota Statutes, section 298.28.

Sec. 15. IRON RANGE RESOURCES AND REHABILITATION COMMISSIONER; BONDS AUTHORIZED IN 2025.

Subdivision 1. Issuance; purpose. (a) Notwithstanding any provision of Minnesota Statutes, chapter 298, to the contrary, the commissioner of Iron Range resources and rehabilitation shall, in 2025, issue revenue bonds in a principal amount of up to \$31,000,000 plus an amount sufficient to pay costs of issuance in one or more series, and thereafter may issue bonds to refund those bonds. The proceeds of the bonds must be used to pay the costs of issuance and to make distributions pursuant to this section. The commissioner of Iron Range resources and rehabilitation must distribute these transferred funds as outlined in this section. In order to receive a distribution, a recipient must submit to the commissioner a plan of how the distribution will be spent and the commissioner must ensure that the plan matches the intended use outlined in this section. The plan must be submitted in a form and manner determined by the commissioner. The uses listed are not subject to review or recommendation by the Iron Range Resources and Rehabilitation Board. By December 31, 2026, each recipient must report to the commissioner how the distribution received under this section was spent. If a recipient's plan is submitted and approved, the commissioner must distribute the funds for the uses outlined in subdivision 3. The bonds issued under this section do not constitute public debt as that term is defined in article XI, section 4, of the Minnesota Constitution, and as such are not subject to its provisions.

(b) Funds under this section are available for four years from the date the bonds are issued. Any unexpended funds after that date cancel to the taconite environmental fund under Minnesota Statutes, section 298.28, subdivision 9b.

Subd. 2. **Appropriation.** (a) Notwithstanding any restrictions on expenditures from the account, there is annually appropriated from the distribution of the taconite production tax revenues under Minnesota Statutes, section 298.28, subdivision 7a, an amount sufficient to pay when due the principal and interest on the bonds issued pursuant to subdivision 1. Payments must be made from the account annually after the distribution of the production tax revenues has been made.

(b) If in any year the amount available under paragraph (a) is insufficient to pay principal and interest due on the bonds in that year, an additional amount is appropriated from the Douglas J. Johnson economic protection trust fund to make up the deficiency.

(c) The appropriation under this subdivision terminates upon payment or maturity of the last of the bonds issued under this section.

Subd. 3. **Grants.** The commissioner of Iron Range resources and rehabilitation must distribute funds available for distribution under subdivision 1 for the following uses:

(1) \$5,000,000 to the Minnesota Discovery Center to design, construct, renovate, furnish, and repair facilities, including HVAC upgrades, demolition, and compliance with the Americans with Disabilities Act, at the Minnesota Discovery Center in the city of Chisholm, and for historical research funding;

(2) \$7,800,000 to the commissioner of Iron Range resources and rehabilitation for the design, engineering, and upgrades or replacement of chair lifts and for the design, engineering, demolition, and construction of a nordic and welcome center at the Giants Ridge Recreation Area;

(3) \$350,000 to the Central Iron Range Sanitary Sewer District for infrastructure projects;

(4) \$1,500,000 to the city of Babbitt for renovations to the ice arena;

(5) \$1,200,000 to Independent School District No. 2909, Rock Ridge, for demolition of the James Madison Elementary School in Virginia;

(6) \$500,000 to the city of Buhl for infrastructure projects;

(7) \$500,000 to St. Louis and Lake Counties Regional Railroad Authority to design, engineer, acquire right-of-way, and construct the Mesabi Trail Spur from Aurora to Hoyt Lakes;

(8) \$2,000,000 to the city of Mountain Iron for infrastructure projects including but not limited to Enterprise Drive North East infrastructure development, water main and other infrastructure in the city, waste water plant improvements to comply with new permits, supervisory control and data acquisition on lift stations, and recreation projects;

(9) \$3,000,000 to the city of Silver Bay to design, engineer, construct, and reconstruct publicly owned infrastructure including sewers, water systems, utility extensions, street construction, wastewater treatment, stormwater management systems, sidewalks, and compliance with the Americans with Disabilities Act;

(10) \$5,000,000 to Independent School District No. 696, Ely, for planning, design, engineering, demolition, and construction related to the district's athletic complex;

(11) \$1,080,000 to the Northland Learning Center to construct the Alternative Learning Center on the campus in the city of Mountain Iron;

(12) \$1,000,000 for the city of Biwabik for a public safety facility;

(13) \$1,570,000 to Hibbing Public Utilities for water infrastructure projects; and

(14) \$500,000 to St. Louis County for the demolition of the public school in Hoyt Lakes.

EFFECTIVE DATE. This section is effective the day following final enactment and applies beginning with the 2025 distribution under Minnesota Statutes, section 298.28.

Sec. 16. **TRANSFER 2024 DISTRIBUTION ONLY; TACONITE ECONOMIC DEVELOPMENT FUND.**

Of the funds distributed to the taconite economic development fund under Minnesota Statutes, section 298.28, subdivision 9a, for the 2024 distribution only, an amount equal to \$300,000 shall be transferred from the taconite economic development fund to the city of Chisholm for the Senator David Tomassoni Bridge of Peace. The transfer must be made within ten days of the August 2024 payment. If less than \$300,000 is distributed to the taconite economic development fund in 2024, distributions to the fund in future years must be transferred to the city of Chisholm, pursuant to this paragraph, until the total amount transferred equals \$300,000.

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

ARTICLE 4

SALES AND USE TAXES, GROSS RECEIPTS TAXES, AND EXCISE TAXES

Section 1. Minnesota Statutes 2022, section 295.53, subdivision 4a, is amended to read:

Subd. 4a. **Credit for research.** (a) In addition to the exemptions allowed under subdivision 1, a hospital or health care provider may claim an annual credit against the total amount of tax, if any, the hospital or health care provider owes for that calendar year under sections 295.50 to 295.57. The credit shall equal ~~2.5~~ 0.5 percent of revenues for patient services used to fund expenditures for qualifying research conducted by an allowable research program. The amount of the credit shall not exceed the tax liability of the hospital or health care provider under sections 295.50 to 295.57.

(b) For purposes of this subdivision, the following requirements apply:

(1) expenditures must be for program costs of qualifying research conducted by an allowable research program;

(2) an allowable research program must be a formal program of medical and health care research conducted by an entity which is exempt under section 501(c)(3) of the Internal Revenue Code as defined in section 289A.02, subdivision 7, or is owned and operated under authority of a governmental unit;

(3) qualifying research must:

(A) be approved in writing by the governing body of the hospital or health care provider which is taking the deduction under this subdivision;

(B) have as its purpose the development of new knowledge in basic or applied science relating to the diagnosis and treatment of conditions affecting the human body;

(C) be subject to review by individuals with expertise in the subject matter of the proposed study but who have no financial interest in the proposed study and are not involved in the conduct of the proposed study; and

(D) be subject to review and supervision by an institutional review board operating in conformity with federal regulations if the research involves human subjects or an institutional animal care and use committee operating in conformity with federal regulations if the research involves animal subjects. Research expenses are not exempt if the study is a routine evaluation of health care methods or products used in a particular setting conducted for the purpose of making a management decision. Costs of clinical research activities paid directly for the benefit of an individual patient are excluded from this exemption. Basic research in fields including biochemistry, molecular biology, and physiology are also included if such programs are subject to a peer review process.

(c) No credit shall be allowed under this subdivision for any revenue received by the hospital or health care provider in the form of a grant, gift, or otherwise, whether from a government or nongovernment source, on which the tax liability under section 295.52 is not imposed.

(d) The taxpayer shall apply for the credit under this section on the annual return under section 295.55, subdivision 5.

~~(e) Beginning September 1, 2001, if the actual or estimated amount paid under this section for the calendar year exceeds \$2,500,000, the commissioner of management and budget shall determine the rate of the research credit for the following calendar year to the nearest one half percent so that refunds paid under this section will most closely equal \$2,500,000. The commissioner of management and budget shall publish in the State Register by October 1 of each year the rate of the credit for the following calendar year. A determination under this section is not subject to the rulemaking provisions of chapter 14.~~

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

Sec. 2. **[295.85] AMUSEMENT DEVICE GROSS RECEIPTS TAX.**

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

(b) "Amusement device" means any electronic or mechanical machine or device that is activated and operated by providing payment for use to provide entertainment or amusement, including but not limited to bowling alleys, fortune-telling machines, cranes, foosball tables, pool tables, video games, pinball machines, batting cages, rides, photo or video booths, shuffleboard tables, air hockey tables, arcade games, shooting gallery games, dart boards, and jukeboxes. An amusement device does not include vending machines, lottery devices, or gaming devices as described in chapters 297E and 349.

(c) "Commissioner" means the commissioner of revenue.

(d) "Gross receipts" means the total amount received in money or by barter or exchange for sales derived from the making available of amusement devices for play as measured by the sales price.

(e) "Providing payment" means activating an amusement device by either:

(1) inserting a coin, paper currency, or token, swiping a card, entering a code, or using an electronic payment on the device; or

(2) giving such payment to a person who activates for play the amusement device.

Subd. 2. **Tax imposed.** A tax equal to 6.875 percent of gross receipts from making available any amusement device for play is imposed on the owners of each device operated in Minnesota. The tax imposed by this section is in lieu of the taxes imposed by chapter 297A.

Subd. 3. **Administration.** Unless specifically provided otherwise, the audit, assessment, refund, penalty, interest, enforcement, collection remedies, appeal, and administrative provisions of chapters 270C and 289A that are applicable to taxes imposed under chapter 297A apply to the tax imposed under this section.

Subd. 4. **Returns; payment of tax.** (a) An owner of an amusement device must report the tax on a return prescribed by the commissioner and must remit the tax in a form and manner prescribed by the commissioner. The return and the tax must be filed and paid using the filing cycle and due dates provided for taxes imposed under section 289A.20, subdivision 4, and chapter 297A.

(b) Interest must be paid on an overpayment refunded or credited to the taxpayer from the date of payment of the tax until the date the refund is paid or credited. For purposes of this subdivision, the date of payment is the due date of the return or the date of actual payment of the tax, whichever is later.

Subd. 5. **Deposit of revenues.** The commissioner must deposit the revenues, including penalties and interest, derived from the tax imposed by this section as follows:

(1) The revenue derived from the portion of the tax equal to 6.5 percent must be deposited into the general fund; and

(2) The revenue derived from the portion of the tax equal to 0.375 percent must be deposited pursuant to Minnesota Constitution, article XI, section 15.

Subd. 6. **Personal debt.** The tax imposed by this section, and interest and penalties imposed with respect to the tax, are a personal debt of the person required to file a return from the time that the liability for the tax arises, irrespective of when the time for payment of the liability occurs. The debt must, in the case of the executor or administrator of the estate of a decedent and in the case of a fiduciary, be that of the person in the person's official or fiduciary capacity only, unless the person has voluntarily distributed the assets held in that capacity without reserving sufficient assets to pay the tax, interest, and penalties, in which event the person is personally liable for any deficiency.

EFFECTIVE DATE. This section is effective October 1, 2024.

Sec. 3. Minnesota Statutes 2023 Supplement, section 297A.61, subdivision 3, is amended to read:

Subd. 3. **Sale and purchase.** (a) "Sale" and "purchase" include, but are not limited to, each of the transactions listed in this subdivision. In applying the provisions of this chapter, the terms "tangible personal property" and "retail sale" include the taxable services listed in paragraph (g), clause (6), items (i) to (vi) and (viii), and the provision of these taxable services, unless specifically provided otherwise. Services performed by an employee for an employer are not taxable. Services performed by a partnership or association for another partnership or association are not taxable if one of the entities owns or controls more than 80 percent of the voting power of the equity interest in the other entity. Services performed between members of an affiliated group of corporations are not taxable. For purposes of the preceding sentence, "affiliated group of corporations" means those entities that would be classified as members of an affiliated group as defined under United States Code, title 26, section 1504, disregarding the exclusions in section 1504(b).

(b) Sale and purchase include:

(1) any transfer of title or possession, or both, of tangible personal property, whether absolutely or conditionally, for a consideration in money or by exchange or barter; and

(2) the leasing of or the granting of a license to use or consume, for a consideration in money or by exchange or barter, tangible personal property, other than a manufactured home used for residential purposes for a continuous period of 30 days or more.

(c) Sale and purchase include the production, fabrication, printing, or processing of tangible personal property for a consideration for consumers who furnish either directly or indirectly the materials used in the production, fabrication, printing, or processing.

(d) Sale and purchase include the preparing for a consideration of food. Notwithstanding section 297A.67, subdivision 2, taxable food includes, but is not limited to, the following:

(1) prepared food sold by the retailer;

(2) soft drinks;

(3) candy; and

(4) dietary supplements.

(e) A sale and a purchase includes the furnishing for a consideration of electricity, gas, water, or steam for use or consumption within this state.

(f) A sale and a purchase includes the transfer for a consideration of prewritten computer software whether delivered electronically, by load and leave, or otherwise.

(g) A sale and a purchase includes the furnishing for a consideration of the following services:

(1) the privilege of admission to places of amusement, recreational areas, or athletic events, and the making available of ~~amusement devices~~, tanning facilities, reducing salons, steam baths, health clubs, and spas or athletic facilities;

(2) lodging and related services by a hotel, rooming house, resort, campground, motel, or trailer camp, including furnishing the guest of the facility with access to telecommunication services, and the granting of any similar license to use real property in a specific facility, other than the renting or leasing of it for a continuous period of 30 days or more under an enforceable written agreement that may not be terminated without prior notice and including accommodations intermediary services provided in connection with other services provided under this clause;

(3) nonresidential parking services, whether on a contractual, hourly, or other periodic basis, except for parking at a meter;

(4) the granting of membership in a club, association, or other organization if:

(i) the club, association, or other organization makes available for the use of its members sports and athletic facilities, without regard to whether a separate charge is assessed for use of the facilities; and

(ii) use of the sports and athletic facility is not made available to the general public on the same basis as it is made available to members.

Granting of membership means both onetime initiation fees and periodic membership dues. Sports and athletic facilities include golf courses; tennis, racquetball, handball, and squash courts; basketball and volleyball facilities; running tracks; exercise equipment; swimming pools; and other similar athletic or sports facilities;

(5) delivery of aggregate materials by a third party, excluding delivery of aggregate material used in road construction; and delivery of concrete block by a third party if the delivery would be subject to the sales tax if provided by the seller of the concrete block. For purposes of this clause, "road construction" means construction of:

(i) public roads;

(ii) cartways; and

(iii) private roads in townships located outside of the seven-county metropolitan area up to the point of the emergency response location sign; and

(6) services as provided in this clause:

(i) laundry and dry cleaning services including cleaning, pressing, repairing, altering, and storing clothes, linen services and supply, cleaning and blocking hats, and carpet, drapery, upholstery, and industrial cleaning. Laundry and dry cleaning services do not include services provided by coin operated facilities operated by the customer;

(ii) motor vehicle washing, waxing, and cleaning services, including services provided by coin operated facilities operated by the customer, and rustproofing, undercoating, and towing of motor vehicles;

(iii) building and residential cleaning, maintenance, and disinfecting services and pest control and exterminating services;

(iv) detective, security, burglar, fire alarm, and armored car services; but not including services performed within the jurisdiction they serve by off-duty licensed peace officers as defined in section 626.84, subdivision 1, or services provided by a nonprofit organization or any organization at the direction of a county for monitoring and electronic surveillance of persons placed on in-home detention pursuant to court order or under the direction of the Minnesota Department of Corrections;

(v) pet grooming services;

(vi) lawn care, fertilizing, mowing, spraying and sprigging services; garden planting and maintenance; tree, bush, and shrub pruning, bracing, spraying, and surgery; indoor plant care; tree, bush, shrub, and stump removal, except when performed as part of a land clearing contract as defined in section 297A.68, subdivision 40; and tree trimming for public utility lines. Services performed under a construction contract for the installation of shrubbery, plants, sod, trees, bushes, and similar items are not taxable;

(vii) massages, except when provided by a licensed health care facility or professional or upon written referral from a licensed health care facility or professional for treatment of illness, injury, or disease; and

(viii) the furnishing of lodging, board, and care services for animals in kennels and other similar arrangements, but excluding veterinary and horse boarding services.

(h) A sale and a purchase includes the furnishing for a consideration of tangible personal property or taxable services by the United States or any of its agencies or instrumentalities, or the state of Minnesota, its agencies, instrumentalities, or political subdivisions.

(i) A sale and a purchase includes the furnishing for a consideration of telecommunications services, ancillary services associated with telecommunication services, and pay television services. Telecommunication services include, but are not limited to, the following services, as defined in section 297A.669: air-to-ground radiotelephone service, mobile telecommunication service, postpaid calling service, prepaid calling service, prepaid wireless calling service, and private communication services. The services in this paragraph are taxed to the extent allowed under federal law.

(j) A sale and a purchase includes the furnishing for a consideration of installation if the installation charges would be subject to the sales tax if the installation were provided by the seller of the item being installed.

(k) A sale and a purchase includes the rental of a vehicle by a motor vehicle dealer to a customer when (1) the vehicle is rented by the customer for a consideration, or (2) the motor vehicle dealer is reimbursed pursuant to a service contract as defined in section 59B.02, subdivision 11.

(l) A sale and a purchase includes furnishing for a consideration of specified digital products or other digital products or granting the right for a consideration to use specified digital products or other digital products on a temporary or permanent basis and regardless of whether the purchaser is required to make continued payments for such right. Wherever the term "tangible personal property" is used in this chapter, other than in subdivisions 10 and 38, the provisions also apply to specified digital products, or other digital products, unless specifically provided otherwise or the context indicates otherwise.

(m) The sale of the privilege of admission under section 297A.61, subdivision 3, paragraph (g), clause (1), to a place of amusement, recreational area, or athletic event includes all charges included in the privilege of admission's sales price, without deduction for amenities that may be provided, unless the amenities are separately stated and the purchaser of the privilege of admission is entitled to add or decline the amenities, and the amenities are not otherwise taxable.

(n) A sale and purchase includes the transfer for consideration of a taxable cannabis product as defined in section 295.81, subdivision 1, paragraph (r).

EFFECTIVE DATE. This section is effective October 1, 2024.

Sec. 4. Minnesota Statutes 2022, section 297A.68, subdivision 3a, is amended to read:

Subd. 3a. **Coin-operated entertainment and amusement devices.** Coin-operated entertainment and amusement devices including, but not limited to, fortune-telling machines, cranes, foosball and pool tables, video and pinball games, batting cages, rides, photo or video booths, and jukeboxes are exempt when purchased by retailers selling admission to places of amusement and making available amusement devices as provided in section ~~297A.61, subdivision 3, paragraph (g), clause (1)~~ 295.85. Coin-operated entertainment and amusement devices do not include vending machines, lottery devices, or gaming devices as described in chapters 297E and 349.

EFFECTIVE DATE. This section is effective October 1, 2024.

Sec. 5. Minnesota Statutes 2022, section 297A.68, subdivision 45, is amended to read:

Subd. 45. **Jukebox music.** The purchase of music, either as a digital audio work or in tangible form such as a record or compact disc, by operators that provide the service of making available jukeboxes as amusement devices, as provided in section ~~297A.61, subdivision 3, paragraph (g), clause (1)~~ 295.85, is exempt if the music is used exclusively for the jukebox.

EFFECTIVE DATE. This section is effective October 1, 2024.

Sec. 6. Minnesota Statutes 2022, section 609.902, subdivision 4, is amended to read:

Subd. 4. **Criminal act.** "Criminal act" means conduct constituting, or a conspiracy or attempt to commit, a felony violation of chapter 152, or a felony violation of section ~~297D.09~~; 299F.79; 299F.80; 299F.82; 609.185; 609.19; 609.195; 609.20; 609.205; 609.221; 609.222; 609.223; 609.2231; 609.228; 609.235; 609.245; 609.25; 609.27; 609.322; 609.342; 609.343; 609.344; 609.345; 609.42; 609.48; 609.485; 609.495; 609.496; 609.497;

609.498; 609.52, subdivision 2, if the offense is punishable under subdivision 3, clause (1), if the property is a firearm, clause (3)(b), or clause (3)(d)(v); section 609.52, subdivision 2, paragraph (a), clause (1) or (4); 609.527, if the crime is punishable under subdivision 3, clause (4); 609.528, if the crime is punishable under subdivision 3, clause (4); 609.53; 609.561; 609.562; 609.582, subdivision 1 or 2; 609.668, subdivision 6, paragraph (a); 609.67; 609.687; 609.713; 609.86; 609.894, subdivision 3 or 4; 609.895; 624.713; 624.7191; or 626A.02, subdivision 1, if the offense is punishable under section 626A.02, subdivision 4, paragraph (a). "Criminal act" also includes conduct constituting, or a conspiracy or attempt to commit, a felony violation of section 609.52, subdivision 2, clause (3), (4), (15), or (16), if the violation involves an insurance company as defined in section 60A.02, subdivision 4, a nonprofit health service plan corporation regulated under chapter 62C, a health maintenance organization regulated under chapter 62D, or a fraternal benefit society regulated under chapter 64B.

EFFECTIVE DATE. This section is effective August 1, 2024.

Sec. 7. **CITY OF WOODBURY; SALES TAX EXEMPTION FOR CONSTRUCTION MATERIALS.**

Subdivision 1. **Exemption; refund.** (a) Materials and supplies used or consumed in and equipment incorporated into the construction, reconstruction, upgrade, expansion, renovation, or remodeling of a water treatment facility, including water pipeline infrastructure and associated improvements, funded by the city of Woodbury are exempt from sales and use tax under Minnesota Statutes, chapter 297A, provided that the materials, supplies, and equipment are purchased after January 31, 2024, and before July 1, 2025.

(b) The tax must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, subdivision 1, applied and then refunded in the same manner provided for projects under Minnesota Statutes, section 297A.75, subdivision 1, clause (17). Refunds for eligible purchases must not be issued until after June 30, 2024. No refunds may be issued after June 30, 2025.

Subd. 2. **Appropriation.** The amount required to pay the refunds under subdivision 1 is appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after January 31, 2024, and before July 1, 2025.

Sec. 8. **REPEALER.**

(a) Minnesota Statutes 2022, sections 13.4967, subdivision 5; 297D.02; 297D.03; 297D.05; 297D.09, subdivisions 1 and 2; 297D.12; and 297D.13, are repealed.

(b) Minnesota Statutes 2023 Supplement, sections 297D.01; 297D.04; 297D.06; 297D.07; 297D.08; 297D.085; 297D.09, subdivision 1a; 297D.10; and 297D.11, are repealed.

EFFECTIVE DATE. This section is effective August 1, 2024.

ARTICLE 5
TAX INCREMENT FINANCING

Section 1. Laws 2010, chapter 389, article 7, section 22, as amended by Laws 2011, chapter 112, article 11, section 16, is amended to read:

Sec. 22. **CITY OF RAMSEY; TAX INCREMENT FINANCING DISTRICT; SPECIAL RULES.**

(a) If the city of Ramsey or an authority of the city elects upon the adoption of a tax increment financing plan for a district, the rules under this section apply to a redevelopment tax increment financing district established by the city or an authority of the city. The redevelopment tax increment district includes parcels within the area bounded

on the east by Ramsey Boulevard, on the north by Bunker Lake Boulevard as extended west to Llama Street, on the west by Llama Street, and on the south by a line running parallel to and 600 feet south of the southerly right-of-way for U.S. Highway 10, but including Parcels 28-32-25-43-0007 and 28-32-25-34-0002 in their entirety, and excluding the Anoka County Regional Park property in its entirety. A parcel within this area that is included in a tax increment financing district that was certified before the date of enactment of this act may be included in the district created under this act if the initial district is decertified.

(b) The requirements for qualifying a redevelopment tax increment district under Minnesota Statutes, section 469.174, subdivision 10, do not apply to the parcels located within the district.

(c) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district. Eligible expenditures within the district include but are not limited to (1) the city's share of the costs necessary to provide for the construction of the Northstar Transit Station and related infrastructure, including structured parking, a pedestrian overpass, and roadway improvements, (2) the cost of land acquired by the city or the housing and redevelopment authority in and for the city of Ramsey within the district prior to the establishment of the district, and (3) the cost of public improvements installed within the tax increment financing district prior to the establishment of the district.

(d) The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year period from the date of certification of a tax increment financing district, is considered to be met for the district if the activities were undertaken within ten years from the date of certification of the district.

(e) Except for administrative expenses, the in-district percentage for purposes of the restriction on pooling under Minnesota Statutes, section 469.1763, subdivision 2, for this district is 100 percent.

(f) The requirement of Minnesota Statutes, section 469.177, subdivision 4, does not apply to Parcels 28-32-25-42-0021 and 28-32-25-41-0014, where development occurred after enactment of Laws 2010, chapter 389, article 7, section 22, and prior to adoption of the tax increment financing plan for the district.

(g) The requirement of Minnesota Statutes, section 469.178, subdivision 7, paragraph (b), is considered to be met for the district if the city adopts interfund loan resolutions reflecting the terms and conditions required by Minnesota Statutes, section 469.178, subdivision 7, paragraph (d), by December 31, 2024.

EFFECTIVE DATE. This section is effective the day after the city of Ramsey and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 2. Laws 2014, chapter 308, article 6, section 9, as amended by Laws 2017, First Special Session chapter 1, article 6, section 12, is amended to read:

Sec. 9. CITY OF MAPLE GROVE; TAX INCREMENT FINANCING DISTRICT.

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

(b) "City" means the city of Maple Grove.

(c) "Project area" means all or a portion of the area in the city commencing at a point 130 feet East and 120 feet North of the southwest corner of the Southeast Quarter of Section 23, Township 119, Range 22, Hennepin County, said point being on the easterly right-of-way line of Hemlock Lane; thence northerly along said easterly right-of-way line of Hemlock Lane to a point on the west line of the east one-half of the Southeast Quarter of section 23, thence south along said west line a distance of 1,200 feet; thence easterly to the east line of Section 23, 1,030 feet North from the southeast corner thereof; thence South 74 degrees East 1,285 feet; thence East a distance of

1,000 feet; thence North 59 degrees West a distance of 650 feet; thence northerly to a point on the northerly right-of-way line of 81st Avenue North, 650 feet westerly measured at right angles, from the east line of the Northwest Quarter of Section 24; thence North 13 degrees West a distance of 795 feet; thence West to the west line of the Southeast Quarter of the Northwest Quarter of Section 24; thence North 55 degrees West to the south line of the Northwest Quarter of the Northwest Quarter of Section 24; thence West along said south line to the east right-of-way line of Zachary Lane; thence North along the east right-of-way line of Zachary Lane to the southwest corner of Lot 1, Block 1, Metropolitan Industrial Park 5th Addition; thence East along the south line of said Lot 1 to the northeast corner of Outlot A, Metropolitan Industrial Park 5th Addition; thence South along the east line of said Outlot A and its southerly extension to the south right-of-way line of County State-Aid Highway (CSAH) 109; thence easterly along the south right-of-way line of CSAH 109 to the east line of the Northwest Quarter of the Northeast Quarter of Section 24; thence South along said east line to the north line of the South Half of the Northeast Quarter of Section 24; thence East along said north line to the westerly right-of-way line of Jefferson Highway North; thence southerly along the westerly right-of-way line of Jefferson Highway to the centerline of CSAH 130; thence continuing South along the west right-of-way line of Pilgrim Lane North to the westerly extension of the north line of Outlot A, Park North Fourth Addition; thence easterly along the north line of Outlot A, Park North Fourth Addition to the northeast corner of said Outlot A; thence southerly along the east line of said Outlot A to the southeast corner of said Outlot A; thence easterly along the south line of Lot 1, Block 1, Park North Fourth Addition to the westerly right-of-way line of State Highway 169; thence southerly, southwesterly, westerly, and northwesterly along the westerly right-of-way line of State Highway 169 and the northerly right-of-way line of Interstate 694 to its intersection with the southerly extension of the easterly right-of-way line of Zachary Lane North; thence northerly along the easterly right-of-way line of Zachary Lane North and its northerly extension to the north right-of-way line of CSAH 130; thence westerly, southerly, northerly, southwesterly, and northwesterly to the point of beginning and there terminating, provided that the project area includes the rights-of-way for all present and future highway interchanges abutting the area described in this paragraph, and may include any additional property necessary to cause the property included in the tax increment financing district to consist of complete parcels.

(d) "Soil deficiency district" means a type of tax increment financing district consisting of a portion of the project area in which the city finds by resolution that the following conditions exist:

(1) unusual terrain or soil deficiencies that occurred over 80 percent of the acreage in the district require substantial filling, grading, or other physical preparation for use; and

(2) the estimated cost of the physical preparation under clause (1), but excluding costs directly related to roads as defined in Minnesota Statutes, section 160.01, and local improvements as described in Minnesota Statutes, sections 429.021, subdivision 1, clauses (1) to (7), (11), and (12), and 430.01, exceeds the fair market value of the land before completion of the preparation.

Subd. 2. **Special rules.** (a) If the city elects, upon the adoption of the tax increment financing plan for a district, the rules under this section apply to a redevelopment district, renewal and renovation district, soil condition district, or soil deficiency district established by the city or a development authority of the city in the project area.

(b) Prior to or upon the adoption of the first tax increment plan subject to the special rules under this subdivision, the city must find by resolution that parcels consisting of at least 80 percent of the acreage of the project area, excluding street and railroad rights-of-way, are characterized by one or more of the following conditions:

(1) peat or other soils with geotechnical deficiencies that impair development of commercial buildings or infrastructure;

(2) soils or terrain that require substantial filling in order to permit the development of commercial buildings or infrastructure;

- (3) landfills, dumps, or similar deposits of municipal or private waste;
- (4) quarries or similar resource extraction sites;
- (5) floodway; and
- (6) substandard buildings, within the meaning of Minnesota Statutes, section 469.174, subdivision 10.

(c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by the relevant condition if at least 70 percent of the area of the parcel contains the relevant condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by substandard buildings if substandard buildings occupy at least 30 percent of the area of the parcel.

(d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ~~eight~~ 13 years for any district, and Minnesota Statutes, section 469.1763, subdivision 4, does not apply to any district.

(e) Notwithstanding any provision to the contrary in Minnesota Statutes, section 469.1763, subdivision 2, paragraph (a), not more than 40 percent of the total revenue derived from tax increments paid by properties in any district, measured over the life of the district, may be expended on activities outside the district but within the project area.

(f) For a soil deficiency district:

(1) increments may be collected through ~~20~~ 25 years after the receipt by the authority of the first increment from the district;

(2) increments may be used only to:

(i) acquire parcels on which the improvements described in item (ii) will occur;

(ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the additional cost of installing public improvements directly caused by the deficiencies; and

(iii) pay for the administrative expenses of the authority allocable to the district; and

(3) any parcel acquired with increments from the district must be sold at no less than their fair market value.

(g) Increments spent for any infrastructure costs, whether inside a district or outside a district but within the project area, are deemed to satisfy the requirements of Minnesota Statutes, section 469.176, subdivision 4j.

(h) The authority to approve tax increment financing plans to establish tax increment financing districts under this section expires June 30, 2020.

(i) Notwithstanding the restrictions in paragraph (f), clause (2), the city may use increments from a soil deficiency district to acquire parcels and for other infrastructure costs either inside or outside of the district, but within the project area, if the acquisition or infrastructure is for a qualified development. For purposes of this paragraph, a development is a qualified development only if all of the following requirements are satisfied:

(1) the city finds, by resolution, that the land acquisition and infrastructure are undertaken primarily to serve the development;

(2) the city has a binding, written commitment and adequate financial assurances from the developer that the development will be constructed; and

(3) the development does not consist of retail trade or housing improvements.

EFFECTIVE DATE. (a) The extension of the five- and six-year rules under this section are effective the day after the governing body of the city of Maple Grove and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

(b) The district duration extension under this section is effective upon compliance by the city of Maple Grove, Hennepin County, and Independent School District No. 279 with the requirements of Minnesota Statutes, section 469.1782, subdivision 2.

Sec. 3. Laws 2017, First Special Session chapter 1, article 6, section 22, is amended to read:

Sec. 22. **CITY OF ST. PAUL; FORD SITE REDEVELOPMENT TIF DISTRICT.**

(a) For purposes of computing the duration limits under Minnesota Statutes, section 469.176, subdivision 1b, the housing and redevelopment authority of the city of St. Paul may waive receipt of increment for the Ford Site Redevelopment Tax Increment Financing District. This authority is limited to the first four years of increment or increments derived from taxes payable in 2023, whichever occurs first.

(b) If the city elects to waive receipt of increment under paragraph (a), for purposes of applying any limits based on when the district was certified under Minnesota Statutes, section 469.176, subdivision 6, or 469.1763, the date of certification for the district is deemed to be January 2 of the property tax assessment year for which increment is first received under the waiver.

(c) The five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision 4, relating to the use of increment after the expiration of the five-year period, is extended to 11 years for the Ford Site Redevelopment Tax Increment Financing District in the city of St. Paul.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of St. Paul and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 4. **CITY OF BROOKLYN CENTER; TAX INCREMENT FINANCING AUTHORITY.**

Subdivision 1. **Establishment.** Under the special rules established in subdivision 2, the economic development authority of the city of Brooklyn Center or the city of Brooklyn Center may establish one or more redevelopment tax increment financing districts located wholly within the area in the city identified as the "Opportunity Site," which includes the area bounded by Shingle Creek Parkway from Hennepin County State-Aid Highway 10 to Summit Drive North; Summit Drive North from Shingle Creek Parkway to marked Trunk Highway 100; marked Trunk Highway 100 from Summit Drive North to Hennepin County State-Aid Highway 10; and Hennepin County State-Aid Highway 10 from marked Trunk Highway 100 to Shingle Creek Parkway, together with internal and adjacent roads and rights-of-way.

Subd. 2. **Special rules.** If the city or the authority establishes a tax increment financing district under this section, the following special rules apply:

(1) the district is deemed to meet all the requirements of Minnesota Statutes, section 469.174, subdivision 10; and

(2) expenditures incurred in connection with the development of the property described in subdivision 1 are deemed to meet the requirements of Minnesota Statutes, section 469.176, subdivision 4j.

Subd. 3. **Expiration.** The authority to approve a tax increment financing plan to establish a tax increment financing district under this section expires on December 31, 2030.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Brooklyn Center and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 5. **CITY OF BROOKLYN PARK; TAX INCREMENT FINANCING AUTHORITY; VILLAGE CREEK AREA.**

Subdivision 1. **Establishment of districts.** Upon the termination of Tax Increment Financing District No. 20 within the city of Brooklyn Park, under the special rules established in subdivision 2, the economic development authority of the city of Brooklyn Park or city of Brooklyn Park may establish one or more redevelopment tax increment financing districts located wholly within the area of the city of Brooklyn Park. The districts may be comprised of the following parcels identified by their current parcel identification numbers:

<u>2011921430101</u>	<u>2011921440088</u>	<u>2011921430092</u>	<u>2011921430099</u>	<u>2111921330104</u>
<u>2111921340003</u>	<u>2111921340005</u>	<u>2111921340006</u>	<u>2111921340019</u>	<u>2111921340021</u>
<u>2111921330066</u>	<u>2111921330068</u>	<u>2111921340017</u>	<u>2111921340018</u>	<u>2811921130004</u>
<u>2811921130005</u>	<u>2811921140007</u>	<u>2811921210003</u>	<u>2811921220002</u>	<u>2811921220007</u>
<u>2811921240004</u>	<u>2811921240009</u>	<u>2811921240010</u>	<u>2811921240107</u>	<u>2811921310001</u>
<u>2811921340010</u>	<u>2911921120032</u>	<u>2811921130014</u>	<u>2811921130015</u>	<u>2811921130024</u>
<u>2811921140012</u>	<u>2811921210014</u>	<u>2811921210020</u>	<u>2811921210023</u>	<u>2811921210103</u>
<u>2811921220001</u>	<u>2811921220003</u>	<u>2811921220005</u>	<u>2811921240007</u>	<u>2811921340006</u>
<u>2911921120001</u>	<u>2911921120004</u>	<u>2011921440089</u>	<u>2111921330067</u>	<u>2111921340002</u>
<u>2111921340004</u>	<u>2111921340027</u>	<u>2111921340113</u>	<u>2811921120001</u>	<u>2811921130001</u>
<u>2811921130017</u>	<u>2811921130023</u>	<u>2811921210001</u>	<u>2811921210016</u>	<u>2811921210033</u>
<u>2811921210060</u>	<u>2811921210101</u>	<u>2811921240006</u>	<u>2811921240017</u>	<u>2911921110004</u>
<u>2911921120005</u>	<u>2011921430093</u>	<u>2011921430100</u>	<u>2011921430102</u>	<u>2011921430103</u>
<u>2111921330102</u>	<u>2111921330103</u>	<u>2111921340001</u>	<u>2111921340007</u>	<u>2111921340020</u>
<u>2111921340022</u>	<u>2811921120002</u>	<u>2811921120104</u>	<u>2811921130002</u>	<u>2811921130020</u>
<u>2811921130021</u>	<u>2811921210022</u>	<u>2811921210034</u>	<u>2811921210099</u>	<u>2811921210102</u>
<u>2811921220006</u>	<u>2811921240003</u>	<u>2811921240012</u>	<u>2811921340005</u>	<u>2811921340009</u>
<u>2911921110118</u>	<u>2911921120006</u>	<u>2911921120043</u>	<u>3311921210001</u>	

together with adjacent and internal roads and rights-of-way, and the following roadways within the city of Brooklyn Park: Zane Avenue North (from and including the intersection at 78th Avenue North to and including the intersection at Highway 94), Brooklyn Boulevard (from and including the intersection at the border of Brooklyn Center to and including the intersection at Kentucky Avenue North), Brookdale Drive North (from and including the intersection at Zane Avenue North to and including the intersection at Welcome Avenue North), Village Creek Parkway North, 77th Avenue North (from and including the intersection at Village Creek Parkway North to and including the intersection at Brookdale Drive North), 73rd Avenue North/Regent Avenue (from and including the intersection at Zane Avenue North to and including the intersection at Brooklyn Boulevard).

Subd. 2. **Special rules.** If the city or the authority establishes any tax increment financing district under subdivision 1, the following special rules apply:

(1) the districts are deemed to meet all the requirements of Minnesota Statutes, section 469.174, subdivision 10;

(2) expenditures incurred in connection with the development of the property described in subdivision 1 are deemed to meet the requirements of Minnesota Statutes, section 469.176, subdivision 4j; and

(3) the five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision 4, relating to the use of increment after the expiration of the five-year period, is extended to 11 years.

Subd. 3. **Expiration.** The authority to request certification of any district under this section expires on December 31, 2030.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Brooklyn Park and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021.

Sec. 6. **CITY OF BROOKLYN PARK; TAX INCREMENT FINANCING AUTHORITY; 610/ZANE AREA.**

Subdivision 1. **Establishment of districts.** Under the special rules established in subdivision 2, the economic development authority of the city of Brooklyn Park or the city of Brooklyn Park may establish one or more redevelopment districts located wholly within the area of the city of Brooklyn Park. The districts may be comprised of the following parcels identified by their current parcel identification numbers together with adjacent and internal roads and rights-of-way:

<u>0811921410009</u>	<u>0811921140050</u>	<u>0811921140051</u>	<u>0911921120005</u>	<u>0911921210007</u>
<u>0911921230008</u>	<u>0911921230049</u>	<u>0911921240006</u>	<u>0911921240009</u>	<u>0911921310004</u>
<u>0911921320018</u>	<u>0911921330009</u>	<u>0911921430006</u>	<u>0911921430014</u>	<u>0911921430015</u>
<u>0911921430019</u>	<u>0911921430020</u>	<u>0911921430028</u>	<u>0911921430030</u>	<u>0911921430033</u>
<u>0911921430037</u>	<u>0911921430038</u>	<u>0911921430040</u>	<u>0911921430048</u>	<u>0911921430054</u>
<u>0911921430055</u>	<u>0911921430059</u>	<u>0911921430069</u>	<u>0911921430071</u>	<u>0911921430072</u>
<u>0911921430076</u>	<u>0911921430080</u>	<u>0911921430081</u>	<u>0911921430082</u>	<u>0911921430083</u>
<u>0911921430086</u>	<u>0911921430087</u>	<u>0911921430088</u>	<u>0911921430094</u>	<u>0911921430095</u>
<u>0911921430099</u>	<u>0911921430104</u>	<u>0911921430114</u>	<u>0911921210005</u>	<u>0911921210095</u>
<u>0911921220070</u>	<u>0911921220071</u>	<u>0911921230009</u>	<u>0911921230010</u>	<u>0911921230011</u>
<u>0911921230012</u>	<u>0911921230013</u>	<u>0911921240005</u>	<u>0911921240008</u>	<u>0911921310007</u>
<u>0911921310009</u>	<u>0911921320023</u>	<u>0911921330008</u>	<u>0911921330011</u>	<u>0911921340008</u>
<u>0911921340014</u>	<u>0911921340017</u>	<u>0911921430018</u>	<u>0911921430024</u>	<u>0911921430025</u>
<u>0911921430029</u>	<u>0911921430034</u>	<u>0911921430035</u>	<u>0911921430039</u>	<u>0911921430044</u>
<u>0911921430045</u>	<u>0911921430049</u>	<u>0911921430058</u>	<u>0911921430060</u>	<u>0911921430061</u>
<u>0911921430062</u>	<u>0911921430063</u>	<u>0911921430067</u>	<u>0911921430068</u>	<u>0911921430090</u>
<u>0911921430093</u>	<u>0911921430097</u>	<u>0911921430098</u>	<u>0911921430102</u>	<u>0911921430103</u>
<u>0911921430112</u>	<u>0911921430113</u>	<u>0911921430120</u>	<u>0811921440008</u>	<u>0911921210006</u>
<u>0911921210096</u>	<u>0911921210100</u>	<u>0911921210101</u>	<u>0911921220008</u>	<u>0911921220017</u>
<u>0911921230014</u>	<u>0911921230015</u>	<u>0911921240004</u>	<u>0911921240007</u>	<u>0911921310010</u>
<u>0911921310011</u>	<u>0911921310012</u>	<u>0911921330010</u>	<u>0911921330012</u>	<u>0911921340009</u>
<u>0911921430013</u>	<u>0911921430017</u>	<u>0911921430021</u>	<u>0911921430022</u>	<u>0911921430026</u>
<u>0911921430031</u>	<u>0911921430032</u>	<u>0911921430036</u>	<u>0911921430041</u>	<u>0911921430042</u>
<u>0911921430046</u>	<u>0911921430053</u>	<u>0911921430057</u>	<u>0911921430064</u>	<u>0911921430065</u>
<u>0911921430073</u>	<u>0911921430077</u>	<u>0911921430078</u>	<u>0911921430100</u>	<u>0911921430105</u>
<u>0911921430107</u>	<u>0911921430108</u>	<u>0911921430110</u>	<u>0911921430115</u>	<u>0911921430117</u>
<u>0911921430118</u>	<u>0911921210097</u>	<u>0911921210099</u>	<u>0911921220014</u>	<u>0911921220015</u>
<u>0911921220068</u>	<u>0911921230005</u>	<u>0911921320016</u>	<u>0911921320021</u>	<u>0911921320024</u>
<u>0911921330006</u>	<u>0911921340015</u>	<u>0911921340016</u>	<u>0911921430009</u>	<u>0911921430010</u>

<u>0911921430011</u>	<u>0911921430012</u>	<u>0911921430016</u>	<u>0911921430023</u>	<u>0911921430027</u>
<u>0911921430043</u>	<u>0911921430047</u>	<u>0911921430050</u>	<u>0911921430051</u>	<u>0911921430052</u>
<u>0911921430056</u>	<u>0911921430066</u>	<u>0911921430070</u>	<u>0911921430074</u>	<u>0911921430075</u>
<u>0911921430079</u>	<u>0911921430084</u>	<u>0911921430085</u>	<u>0911921430089</u>	<u>0911921430091</u>
<u>0911921430092</u>	<u>0911921430096</u>	<u>0911921430101</u>	<u>0911921430106</u>	<u>0911921430109</u>
<u>0911921430111</u>	<u>0911921430116</u>	<u>0911921430119</u>	<u>0611921440003</u>	<u>Unplatted 0611921</u>

Subd. 2. Special rules. If the city or the authority establishes any tax increment financing district under subdivision 1, the following special rules apply:

(1) the districts are deemed to meet all the requirements of Minnesota Statutes, section 469.174, subdivision 10;

(2) expenditures incurred in connection with the development of the property described in subdivision 1 are deemed to meet the requirements of Minnesota Statutes, section 469.176, subdivision 4j; and

(3) the five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision 4, relating to the use of increment after the expiration of the five-year period, is extended to 11 years.

Subd. 3. Expiration. The authority to request certification of any district under this section expires on December 31, 2030.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Brooklyn Park and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021.

Sec. 7. CITY OF BROOKLYN PARK; TAX INCREMENT FINANCING AUTHORITY; BIOTECH AREA.

Subdivision 1. Establishment. Under the special rules established in subdivision 2, the economic development authority of the city of Brooklyn Park or the city of Brooklyn Park may establish one or more redevelopment districts located wholly within the area of the city of Brooklyn Park. The districts may be comprised of the following parcels identified by their current parcel identification numbers together with adjacent and internal roads and rights-of-way:

<u>0711921110007</u>	<u>0711921140001</u>	<u>0711921140002</u>	<u>0711921140007</u>	<u>0711921240002</u>
<u>0711921240004</u>	<u>0711921110005</u>	<u>0711921120009</u>	<u>0711921220003</u>	<u>0711921230001</u>
<u>0711921230002</u>	<u>0811921230004</u>	<u>0711921110004</u>	<u>0711921110006</u>	<u>0711921110008</u>
<u>0711921120005</u>	<u>0711921130005</u>	<u>0711921140005</u>	<u>0711921140006</u>	<u>0711921210003</u>
<u>0711921110003</u>	<u>0711921120006</u>	<u>0811921230002</u>	<u>0811921220002</u>	

Subd. 2. Special rules. If the city or the authority establishes any tax increment financing district under subdivision 1, the following special rules apply:

(1) the districts are deemed to meet all the requirements of Minnesota Statutes, section 469.174, subdivision 10;

(2) expenditures incurred in connection with the development of the property described in subdivision 1 are deemed to meet the requirements of Minnesota Statutes, section 469.176, subdivision 4j; and

(3) the five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision 4, relating to the use of increment after the expiration of the five-year period, is extended to 11 years.

Subd. 3. **Expiration.** The authority to request certification of any district under this section expires on December 31, 2030.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Brooklyn Park and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021.

Sec. 8. CITY OF EDEN PRAIRIE; TAX INCREMENT FINANCING AUTHORITY; EDEN PRAIRIE CENTER.

Subdivision 1. **Establishment.** Under the special rules established in subdivision 2, the economic development authority of the city of Eden Prairie or the city of Eden Prairie may establish one or more redevelopment districts located wholly within the area of the city of Eden Prairie consisting of parcels, together with adjacent roads and rights-of-way, within the area surrounded by Flying Cloud Drive, West 78th Street, and Prairie Center Drive.

Subd. 2. **Special rules.** If the city or authority establishes a tax increment financing district under this section, the following special rules apply:

(1) the districts are deemed to meet the requirements of Minnesota Statutes, section 469.174, subdivision 10; and

(2) expenditures incurred in connection with the development of the property described in subdivision 1 are deemed to meet the requirements of Minnesota Statutes, section 469.176, subdivision 4j.

Subd. 3. **Expiration.** The authority to approve a tax increment financing plan to establish a tax increment financing district under this section expires December 31, 2025.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Eden Prairie and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 9. CITY OF EDINA; 72ND & FRANCE 2 TIF DISTRICT; FIVE-YEAR RULE EXTENSION; DURATION EXTENSION.

(a) The five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision 4, relating to the use of increment after the expiration of the five-year period, is extended to 11 years for Tax Increment Financing District 72nd & France 2 in the city of Edina.

(b) Notwithstanding Minnesota Statutes, section 469.176, subdivisions 1b and 1d, the city of Edina or its housing and redevelopment authority may elect to extend the duration of the district by five years for Tax Increment Financing District 72nd & France 2.

EFFECTIVE DATE. Paragraph (a) is effective the day after the governing body of the city of Edina and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3. Paragraph (b) is effective upon compliance by the city of Edina, Hennepin County, and Independent School District No. 273 with the requirements of Minnesota Statutes, section 469.1782, subdivision 2.

Sec. 10. CITY OF EDINA; 70TH & FRANCE TIF DISTRICT; FIVE-YEAR RULE EXTENSION; DURATION EXTENSION.

(a) The five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision 4, relating to the use of increment after the expiration of the five-year period, is extended to 11 years for Tax Increment Financing District 70th & France in the city of Edina.

(b) Notwithstanding Minnesota Statutes, section 469.176, subdivisions 1b and 1d, the city of Edina or its housing and redevelopment authority may elect to extend the duration of the district by ten years for Tax Increment Financing District 70th & France.

EFFECTIVE DATE. Paragraph (a) is effective the day after the governing body of the city of Edina and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3. Paragraph (b) is effective upon compliance by the city of Edina, Hennepin County, and Independent School District No. 273 with the requirements of Minnesota Statutes, section 469.1782, subdivision 2.

Sec. 11. **CITY OF MINNETONKA; OPUS TIF DISTRICT; FIVE-YEAR RULE EXTENSION.**

The five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision 4, relating to the use of increment after the expiration of the five-year period, is extended to 11 years for the Opus tax increment financing district established in 2021 by the economic development authority in the city of Minnetonka.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Minnetonka and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 12. **CITY OF MOORHEAD; TAX INCREMENT FINANCING DISTRICT NO. 31; FIVE-YEAR RULE EXTENSION.**

The five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision 4, relating to the use of increment after the expiration of the five-year period, is extended to 11 years for Tax Increment Financing District No. 31 in the city of Moorhead.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Moorhead and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 13. **CITY OF PLYMOUTH; TAX INCREMENT FINANCING AUTHORITY; FIVE-YEAR RULE EXTENSION.**

Subdivision 1. **Establishment.** Under the special rules established in subdivision 2, the city of Plymouth may establish one or more redevelopment districts located wholly within the city of Plymouth, Hennepin County, Minnesota, limited to the area identified as the city center district in the Plymouth, Minnesota Zoning Map in effect on January 1, 2024, and adopted pursuant to section 21000.12 of the Plymouth Zoning Code of Ordinances.

Subd. 2. **Special rules.** If the city establishes a tax increment financing district under this section, the following special rules apply:

(1) the district is deemed to meet the requirements of Minnesota Statutes, section 469.174, subdivision 10;

(2) expenditures incurred in connection with the development of the property described in subdivision 1 are deemed to meet the requirements of Minnesota Statutes, section 469.176, subdivision 4j; and

(3) the five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years and the period under Minnesota Statutes, section 469.1763, subdivision 4, relating to the use of increment after the expiration of the five-year period, is extended to 11 years.

Subd. 3. **Expiration.** The authority to approve a tax increment financing plan to establish a tax increment financing district under this section expires December 31, 2030.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Plymouth and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 14. **CITY OF ST. CLOUD; TAX INCREMENT FINANCING AUTHORITY.**

Subdivision 1. **Establishment.** Under the special rules established in subdivision 2, the economic development authority of the city of St. Cloud or the city of St. Cloud may establish one or more redevelopment districts adjacent to the Division Street corridor or within the Central Business District or Fringe Central District, limited to the following parcels identified by tax identification numbers, together with the adjacent roads and rights-of-way:

(1) in Stearns County: 82517020000 (Lady Slipper Catalyst Site); 82515440001 (North Riverfront Catalyst Site); 82515470000; 82515480000 (Empire Catalyst Site); 82518760015 (Swan Lot Catalyst Site); 82528850020 (Riverboat Lot Catalyst Site); and 82528850001 (Former Herbergers); and

(2) in Benton County: 170037810 (Transit Oriented Development Catalyst Site); 170058101 (Ace Block Catalyst Site); 170042000; 170041600; 170041100; 170041601; 170041200; 170041800; 170059600 (Star Bank Catalyst Site); 170059300 (Riverfront South Catalyst Site); 170058300; 170059200; 170058600; 170058800; 170059100; and 170058900.

Subd. 2. **Special rules.** If the city or authority establishes a tax increment financing district under this section, the following special rules apply:

(1) the districts are deemed to meet all the requirements of Minnesota Statutes, section 469.174, subdivision 10;

(2) expenditures incurred in connection with the development of the property described in subdivision 1 are deemed to meet the requirements of Minnesota Statutes, section 469.176, subdivision 4j; and

(3) increments generated from the districts may be expended for the reconstruction, expansion, or new construction of adjacent public infrastructure, including but not limited to public parking, streets, and utilities necessary to serve the development, and all expenditures under this clause are deemed expended on activities within the district for purposes of Minnesota Statutes, section 469.1763.

Subd. 3. **Expiration.** The authority to approve a tax increment financing plan to establish a tax increment financing district under this section expires December 31, 2030.

EFFECTIVE DATE. This section is effective the day after the city of St. Cloud and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

ARTICLE 6
LOCAL SALES AND USE TAXES

Section 1. Minnesota Statutes 2023 Supplement, section 297A.99, subdivision 1, is amended to read:

Subdivision 1. **Authorization; scope.** (a) A political subdivision of this state may impose a general sales tax;

(1) under section 297A.9901;

(2) under section 297A.9915, (2);

(3) under section 297A.992,~~(3)~~;

(4) under section 297A.9925,~~(4)~~;

(5) under section 297A.993,~~(5)~~;

(6) if permitted by special law; or

~~(6)~~ (7) if the political subdivision enacted and imposed the tax before January 1, 1982, and its predecessor provision.

(b) This section governs the imposition of a general sales tax by the political subdivision. The provisions of this section preempt the provisions of any special law:

(1) enacted before June 2, 1997,~~or~~;

(2) enacted on or after June 2, 1997, that does not explicitly exempt the special law provision from this section's rules by reference; or

(3) enacted before July 1, 2024.

(c) This section does not apply to or preempt a sales tax on motor vehicles. Beginning July 1, 2019, no political subdivision may impose a special excise tax on motor vehicles unless it is imposed under section 297A.993.

(d) A political subdivision may not advertise or expend funds for the promotion of a referendum to support imposing a local sales tax and may only spend funds related to imposing a local sales tax to:

(1) conduct the referendum;

(2) disseminate information included in the resolution adopted under subdivision 2, but only if the disseminated information includes a list of specific projects and the cost of each individual project;

(3) provide notice of, and conduct public forums at which proponents and opponents on the merits of the referendum are given equal time to express their opinions on the merits of the referendum;

(4) provide facts and data on the impact of the proposed local sales tax on consumer purchases; and

(5) provide facts and data related to the individual programs and projects to be funded with the local sales tax.

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

Sec. 2. Minnesota Statutes 2022, section 297A.99, is amended by adding a subdivision to read:

Subd. 2a. **Scope.** The provisions of this section only apply to a tax imposed and enacted by special law. A political subdivision seeking to amend, extend, or otherwise change a tax imposed and enacted before July 1, 2024, must do so pursuant to the requirements of section 297A.9901.

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

Sec. 3. Minnesota Statutes 2022, section 297A.99, subdivision 3, is amended to read:

Subd. 3. Legislative authority required before voter approval; requirements for adoption, use, termination. (a) A political subdivision must receive legislative authority to impose a local sales tax before submitting the tax for approval by voters of the political subdivision. Imposition of a local sales tax is subject to approval by voters of the political subdivision at a general election. The election must be conducted at a general election within the two-year period after the governing body of the political subdivision has received authority to impose the tax. If the authorizing legislation allows the tax to be imposed for more than one project, there must be a separate question approving the use of the tax revenue for each project. Notwithstanding the authorizing legislation, a project that is not approved by the voters may not be funded with the local sales tax revenue and the termination date of the tax set in the authorizing legislation must be reduced proportionately based on the share of that project's cost to the total costs of all projects included in the authorizing legislation.

(b) The proceeds of the tax must be dedicated exclusively to payment of the construction and rehabilitation costs and associated bonding costs related to the specific capital improvement projects that were approved by the voters under paragraph (a).

(c) The tax must terminate after the revenues raised are sufficient to fund the projects approved by the voters under paragraph (a).

(d) After a sales tax imposed by a political subdivision has expired or been terminated, the political subdivision is prohibited from imposing a local sales tax for a period of one year.

~~(e) Notwithstanding paragraph (a), if a political subdivision received voter approval to seek authority for a local sales tax at the November 6, 2018, general election and is granted authority to impose a local sales tax before January 1, 2021, the tax may be imposed without an additional referendum provided that it meets the requirements of subdivision 2 and the list of specific projects contained in the resolution does not conflict with the projects listed in the approving referendum. Beginning January 1, 2025, the reporting requirements under section 297A.9902 apply to taxes authorized under special law or the requirements of this section.~~

(f) If a tax is terminated because sufficient revenues have been raised, any amount of tax collected under subdivision 9, after sufficient revenues have been raised and before the quarterly termination required under subdivision 12, paragraph (a), that is greater than the average quarterly revenues collected over the immediately preceding 12 calendar months must be retained by the commissioner for deposit in the general fund.

(g) Upon expiration of a tax authorized under this section or any other law, ordinance, or city charter, the combined tax rate limit in section 297A.9901, subdivision 7, applies.

(h) If, after receiving voter approval, a political subdivision cancels a project approved by the voters, the political subdivision must notify the commissioner. The commissioner must proportionately decrease the maximum amount of tax revenue the political subdivision may collect and must adjust the termination of the tax accordingly. If the political subdivision has already collected revenue for the canceled project, the political subdivision must return the funds to the commissioner for deposit into the local sales tax equalization distribution account.

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

Sec. 4. **[297A.9901] LOCAL SALES TAXES; LOCAL AUTHORIZATION ALLOWED.**

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

(b) "Convention center" means a structure that is expressly designed and constructed for the purpose of presenting conventions, public meetings, and exhibitions and that contains at least 50,000 square feet for exhibit and meeting spaces and includes parking facilities that serve the center.

(c) "Correctional facility" means a public facility licensed and inspected by the commissioner of corrections, established and operated for the detention and confinement of adults or juveniles, including but not limited to programs or facilities operating under chapter 401, secure juvenile detention facilities, municipal holding facilities, juvenile temporary holdover facilities, regional or local jails, lockups, work houses, work farms, and detention facilities.

(d) "District court" means one of the ten judicial district courts in the state of Minnesota subject to chapter 484.

(e) "Law enforcement center" means a facility that serves multiple communities and provides public safety functions, including a fire or police station and a facility that provides emergency 911 and dispatch functions, training facilities, court security and support, emergency operations, evidence and record retention, and other public safety services.

(f) "Library" means a library that is part of a regional public library system as designated by the regional library board pursuant to section 134.20.

(g) "Metropolitan county" has the meaning given in section 473.121, subdivision 4.

(h) "Park" means an area of regional significance that contains natural, seminatural, or planted space set aside for recreation and enjoyment of the public or for the protection of wildlife or natural habitats.

(i) "Political subdivision" means a county located in Minnesota or a statutory or home rule charter city located in Minnesota.

(j) "Prevailing wage rate" has the meaning given in section 177.42, subdivision 6.

(k) "Specified capital project" means a convention center, correctional facility, district court, law enforcement center, library, park, or trail. A specified capital project must serve a regional population, provide economic development benefits and opportunities, or draw nonresident individuals to the region.

(l) "Sports complex" means a defined area of sports pavilions, stadiums, gymnasiums, swimming pools, or similar facilities where regional tournaments may be hosted, and where members of the public engage in physical exercise, participate in athletic competitions, witness sporting events, and host regional tournaments.

(m) "Trail" means a path or track that passes through a natural area and that serves a destination, provides recreational opportunities, and draws a regional population.

Subd. 2. **Local authorization allowed.** Notwithstanding section 477A.016 or any other law or ordinance, a political subdivision may impose, extend, or modify the uses of a local sales tax to finance a specified capital project by: (1) meeting the requirements of this section; (2) receiving approval from the commissioner; and (3) receiving voter approval. The authorization under this section applies to an extension to or modification of a local sales tax authorized under special law or the requirements of section 297A.99, or any other law, ordinance, city charter, or other provision.

Subd. 3. **Use of proceeds.** The proceeds of a tax imposed under this section must be dedicated exclusively to payment of construction or rehabilitation costs, including associated bonding costs, related to the specified capital projects approved by the voters. Specified capital projects must meet the requirements specified in subdivisions 1 and 4 to 6. The political subdivision imposing the tax must not commingle revenue from a tax approved by the voters under this section with revenue from a tax authorized under section 297A.99, or any other law, ordinance, city charter, or other provision, including an extension of or modification to the uses of a tax for a different project.

Subd. 4. **Sports complexes and convention centers; additional requirements.** (a) To impose a tax to fund the construction or rehabilitation of a sports complex or convention center, a political subdivision must demonstrate the following:

(1) an analysis of the surrounding region demonstrates that there is no similar sports complex or convention center open to nonresidents at the same cost as residents within a 15-mile radius of the political subdivision for political subdivisions located outside of a metropolitan county and within an eight-mile radius of the political subdivision for political subdivisions located within a metropolitan county; and

(2) if admission or entry fees are charged to members of the public for use of the facility, the fees must be charged equally to residents and nonresidents of the political subdivision imposing the tax.

(b) The political subdivision must submit documentation of the requirements of paragraph (a) to the commissioner pursuant to the requirements of section 297A.9902, subdivision 1.

Subd. 5. **Criminal justice facilities; additional requirements.** (a) To impose a tax to fund the construction or rehabilitation of or improvements to a correctional facility, a political subdivision must demonstrate the need for the facility by providing official documentation of the age of the facility; and either:

(1) official correspondence from the Department of Corrections that includes an analysis of the facility and description of the improvements or updates needed; or

(2) if the facility is a joint project between two or more counties, the joint powers agreement or other official documentation between at least one other county demonstrating that the facility will serve public safety functions for the region.

(b) To impose a tax to fund construction or rehabilitation of or improvements to a district court office, a political subdivision must demonstrate the need for the facility by providing the age of the facility and a description of improvements needed.

(c) To impose a tax to fund construction or rehabilitation of or improvements to a law enforcement center, a political subdivision must provide resolutions from the governing bodies of surrounding counties, statutory or home rule charter cities, or townships affirming that the functions of the law enforcement center will meet the needs of the surrounding county, statutory or home rule charter city, or township.

(d) The political subdivision must submit documentation of the requirements of paragraphs (a) to (c) to the commissioner pursuant to the requirements of section 297A.9902, subdivision 1.

Subd. 6. **Parks and trails; additional requirements.** (a) To impose a tax to fund the construction or rehabilitation of or improvements to a park, a political subdivision must demonstrate that the park:

(1) provides a natural resource-based setting, outdoor recreation facilities, and multiple activities that are primarily natural resource-based;

(2) occupies at least 100 acres of land;

(3) is utilized by a regional population; and

(4) includes unique natural, historic, or cultural features or characteristics.

(b) To impose a tax to fund the construction or rehabilitation of or improvements to a trail, a political subdivision must demonstrate that the trail:

(1) serves more than a local population and encompasses multiple jurisdictions; and

(2) connects to existing or planned state or regional parks or trails.

(c) The political subdivision must submit documentation of the requirements of paragraphs (a) and (b) to the commissioner pursuant to the requirements of section 297A.9902, subdivision 1.

(d) In determining whether the proposed park or trail meets the criteria established in paragraphs (a) and (b), the commissioner may consult examples and guidance provided by the Department of Natural Resources Parks and Trails Legacy Plan dated February 14, 2011.

Subd. 7. Tax rate and duration. (a) The combined total tax rate imposed by a political subdivision under this section and section 297A.99 must not exceed one percent. If a local sales tax is imposed by a county, the limit under this paragraph includes any tax authorized under section 297A.993.

(b) The maximum collection period for a tax imposed under this section must be the earlier of the amount of time necessary to collect the revenue equal to the cost of the specified capital projects approved by the voters, including associated financing costs, or 30 years.

Subd. 8. Bonds; authorization. (a) A political subdivision may issue bonds under chapter 475 to finance all or a portion of the costs of a specified capital project. The aggregate principal amount of bonds issued must not exceed the cost of a qualifying capital project approved by the voters, plus an amount to be applied to the payment of the costs of issuing the bonds. The bonds may be paid from or secured by any funds available to the political subdivision, including the tax authorized under this section and approved by the voters. The issuance of bonds under this subdivision is not subject to sections 275.60 and 275.61.

(b) A separate election to approve the bonds under section 475.58 is not required.

Subd. 9. Public hearing required. (a) Prior to seeking authority to impose a tax under this section, a political subdivision must hold at least one public hearing occurring not before 6:00 p.m. that is open to residents and nonresidents, at which equal time is given to proponents and opponents to express their opinions on the imposition of the tax. Notice of the hearing must be given at least 14 days in advance and published on the political subdivision's website detailing the time and location of the hearing and contain the following information:

(1) the proposed tax rate;

(2) a description of each project proposed to be funded by the local sales tax; and

(3) the amount of tax revenue to be used for each project and the estimated time needed to raise that amount of revenue, inclusive of the estimated amount distributed under subdivision 16, paragraph (a).

(b) The political subdivision must submit the minutes from this hearing to the commissioner when requesting approval of the tax pursuant to the provisions of section 297A.9902, subdivision 1, paragraph (a).

Subd. 10. Resolution required. (a) After conducting the public hearing required under subdivision 9 and before the governing body of a political subdivision seeks voter approval to impose a local sales tax, the governing body must adopt a resolution indicating its approval of the tax. The resolution must include the following information:

(1) the proposed tax rate;

(2) a detailed description of no more than three projects that will be funded with revenue from the tax;

(3) documentation of the regional significance of each specified capital project, including:

(i) the share of the economic benefit to or use of each project by persons residing, or businesses located, outside of the jurisdiction; and

(ii) demonstration that the project meets the requirements of the applicable definitions in subdivision 1, as well as the requirements of subdivisions 4 to 6;

(4) the amount of local sales tax revenue that will be used for each project and the estimated time needed to raise that amount of revenue; and

(5) the total revenue that will be raised for all projects before the tax expires, and the estimated length of time that the tax will be in effect if all proposed projects are funded.

(b) The political subdivision must submit the resolution along with underlying documentation to the commissioner pursuant to the provisions of section 297A.9902, subdivision 1, paragraph (a).

Subd. 11. Community support required. Prior to seeking authority to impose a tax under this section, a political subdivision must provide to the commissioner letters or resolutions from the governing bodies of at least two surrounding local governments that affirmatively acknowledge that there is a local or regional need for the proposed specified capital project. Documentation must be submitted to the commissioner as required by section 297A.9902, subdivision 1, paragraph (a).

Subd. 12. Voter approval required. (a) A local sales tax approved by the commissioner is subject to voter approval prior to being imposed. A referendum must be conducted pursuant to the following requirements:

(1) the referendum must be held on the first Tuesday after the first Monday in November at a general or special election, so long as the ballot question for approval of the tax is not the only item on the ballot, within the two-year period after the political subdivision has received authority to impose the tax. For purposes of this section, "general election" and "special election" have the meanings given in section 200.02, except that a special election held under this section must be held on the first Tuesday after the first Monday in November;

(2) the ballot language must contain the following information:

(i) a description of each specified capital project that will be funded by the tax;

(ii) the projected start date of the tax;

(iii) the proposed tax rate;

(iv) the cost of the project, including associated financing costs;

(v) the maximum amount of time the tax will be imposed;

(vi) a statement that a portion of the tax revenue will be used for payment into the local sales tax equalization distribution account; and

(vii) a statement that an affirmative vote means that a new tax will be imposed or that an existing tax will be extended or increased;

(3) the ballot language must not contain any statement that informs the voter that by voting "no" the voter acknowledges that the project subject to approval in the question may be funded by increased property taxes; and

(4) each project must be a separate ballot question if a political subdivision is seeking voter approval for more than one project.

(b) A project that is not approved by the voters may not be funded with the tax revenue and the termination date of the tax approved by the commissioner must be reduced proportionately based on the share of that project's cost to the total costs of all projects.

(c) A political subdivision may not advertise or expend funds for the promotion of a referendum to support imposing a tax and may only spend funds related to:

(1) conduct the referendum;

(2) disseminate information regarding the projects to be funded with the tax;

(3) provide notice of and conduct public forums at which proponents and opponents of the referendum are given equal time to express their opinions on the merits of the referendum; and

(4) provide facts and data on the impact of the proposed local sales tax on consumer purchases.

(d) The political subdivision must submit the language of each ballot question to the commissioner for approval prior to printing the ballot for use in a referendum.

Subd. 13. Legislative approval required. (a) A political subdivision seeking to impose a tax must obtain legislative approval to impose the tax if the tax does not meet the requirements of this section or if the commissioner does not approve the proposal submitted for imposition of the tax. The provisions of section 297A.99 apply to any tax imposed by special law.

(b) In addition to the requirements imposed under section 297A.99, subdivision 2, the political subdivision must include in its resolution submitted to the legislature:

(1) a detailed description of how the request does not meet the requirements of this section; and

(2) letters or resolutions from the governing bodies of each local government located in Minnesota that abuts the political subdivision that affirmatively acknowledge that there is a local or regional need for the proposed capital project.

(c) A tax approved by the legislature is subject to the collection and retention provisions of subdivision 16, section 297A.9902, subdivision 2, and section 297A.9903.

Subd. 14. **Filing requirements.** After receiving voter approval, a political subdivision with approval to impose a tax from the commissioner or special law must file a certificate of local approval with the secretary of state pursuant to section 645.021, subdivisions 2 and 3, for the tax to be lawfully imposed.

Subd. 15. **Administration; termination.** (a) A political subdivision imposing a tax under this section must not commingle revenue from a tax for a project or projects approved by the voters under this section with revenue from a tax authorized under section 297A.99 or any other law, ordinance, city charter, or other provision, including an extension of or modification to the uses of a tax for a different project.

(b) A political subdivision imposing the tax must notify the commissioner and the state auditor at least 60 days before the date the political subdivision anticipates that revenues raised from the tax are sufficient to fund the projects approved by the voters. The notification applies to each authorization of a tax and each project approved by the voters, regardless of whether the legislature has authorized the tax, notwithstanding the requirements of section 297A.99, subdivision 3, paragraph (d).

(c) After a tax imposed by a political subdivision has expired or been terminated, the political subdivision is prohibited from imposing a new local sales tax for a period of one year.

(d) If, after receiving voter approval, a political subdivision cancels a project approved by the voters, the political subdivision must notify the commissioner and the state auditor. The commissioner must proportionately decrease the maximum amount of tax revenue the political subdivision may collect and must adjust the termination of the tax accordingly. If the political subdivision has already collected revenue for the canceled project, the political subdivision must return the funds to the commissioner for deposit into the local sales tax equalization distribution account.

Subd. 16. **Collection and retention.** (a) The commissioner shall remit the proceeds of the tax, less refunds and a proportionate share described in clauses (1) to (3), at least quarterly, to the political subdivision. The commissioner shall deduct from the proceeds distributed to a political subdivision an amount that equals:

(1) one percent for the direct and indirect costs of the department to administer, audit, and collect the tax, of which a portion must be used for the cost of constructing and maintaining a zip code or geocode database necessary for local sales tax collections under the Streamlined Sales and Use Tax Agreement in section 297A.995;

(2) one percent for the direct and indirect costs of the state auditor to audit the tax; and

(3) the political subdivision's contribution share of the amount to be paid under section 297A.9903, as defined by subdivision 17.

(b) The revenue retained by the commissioner under paragraph (a), clause (1), must be deposited into the Revenue Department service and recovery special revenue fund established under section 270C.15.

(c) The revenue retained for the purpose outlined in paragraph (a), clause (2), must be deposited into the state auditor service and recovery account.

(d) The revenue retained for the purpose outlined in paragraph (a), clause (3), must be deposited into the local sales tax equalization distribution account.

Subd. 17. **Contribution share.** The amount of tax that the commissioner must retain under subdivision 16, paragraph (a), clause (3), is equal to:

(1) 15 percent for a political subdivision whose tax is authorized and imposed under this section;

(2) 15 percent for a political subdivision that amends, extends, or otherwise modifies a tax that was authorized and imposed by special law before July 1, 2024; or

(3) 20 percent for a political subdivision that is authorized by special law to impose a new tax after July 1, 2024.

Subd. 18. **Enforcement.** If notified by the state auditor that a political subdivision imposing a tax under this section, section 297A.99, or by special law is not in compliance with the requirements of section 297A.9902, subdivision 2, the commissioner must expire the tax and deposit any funds collected into the local sales tax equalization distribution account.

Subd. 19. **Accounts established; transfer.** (a) The local sales tax equalization distribution account is established in the special revenue fund. Funds in the account must be distributed in accordance with section 297A.9903.

(b) The state auditor service and recovery account is established in the special revenue fund. Each October 1, the commissioner of revenue must transfer the balance of the account into the general fund.

Subd. 20. **Other provisions apply.** (a) The provisions of section 297A.99, subdivisions 4 to 10 and 12 to 13, apply to taxes authorized under this section.

(b) The requirements of section 475.53 apply to bonds issued for projects under this section.

(c) The prevailing wage rate applies to all contracts for construction of specified capital projects under this section.

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

Sec. 5. **[297A.9902] LOCAL SALES TAXES; VERIFICATION AND OVERSIGHT.**

Subdivision 1. **Filing requirement.** (a) A political subdivision seeking to impose a local sales tax under the provisions of section 297A.9901 must file a copy of all documentation required under section 297A.9901 with the commissioner. A political subdivision may file documentation at any point during the year, but documentation must be filed by October 31 to comply with the requirements of section 297A.99, subdivision 2, paragraph (b).

(b) The commissioner must verify whether each project included in the submission under paragraph (a) meets the requirements of section 297A.9901. The commissioner must notify the political subdivision of the commissioner's determination within 60 days of receipt of the submission under paragraph (a). Any political subdivision that files its submission by October 31 must receive the commissioner's determination by January 10 of the following year. If the commissioner determines that a project does not meet the requirements of section 297A.9901, the political subdivision may seek legislative authorization for a local sales tax to finance the project under the provisions of section 297A.99.

Subd. 2. **Annual financial reporting.** By January 31 of each budget year, a political subdivision imposing a local sales tax pursuant to section 297A.99 or 297A.9901 or under special law, or by city charter or ordinance must submit information regarding the uses of the local sales tax to the state auditor. The information must be submitted in the form and manner prescribed by the state auditor. The state auditor or the state auditor's designees may examine records of a political subdivision to complete or verify the provided information.

Subd. 3. **Enforcement.** If the state auditor finds a political subdivision does not provide the information required by subdivision 2 of this section or is not in compliance with the required use of proceeds of the local sales tax as provided by section 297A.9901, subdivision 3, as approved by the voters or any use of proceeds requirements

as required by a special law as approved by the voters, the state auditor must notify the governing body of the political subdivision of its findings. The governing body of the political subdivision must respond in writing to the state auditor within 60 days after receiving the notification. The written response must state whether the political subdivision accepts in whole or in part the auditor's findings. If the political subdivision does not accept the findings, the statement must indicate the basis for its disagreement. If the political subdivision does not take corrective measures within 60 days of receipt of notice of noncompliance, the state auditor must notify the commissioner. The state auditor must annually summarize the responses it receives under this subdivision and send the summary and copies of the responses to the chairs of the committees of the legislature with jurisdiction over local sales taxes.

Subd. 4. **Report.** By February 15 of each year, the state auditor must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over taxes summarizing the information provided by political subdivisions in the preceding year under subdivision 2.

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

Sec. 6. **[297A.9903] LOCAL SALES TAX EQUALIZATION DISTRIBUTIONS.**

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

(b) "Adjusted net tax capacity" means the qualified recipient's adjusted net tax capacity under section 273.1325.

(c) "Average fiscal capacity" means the sum of the adjusted net tax capacities of all qualified recipients, divided by the sum of their populations.

(d) "Contribution share" means the percentage of the total local sales taxes that were collected by a political subdivision in the previous calendar year pursuant to section 297A.99, subdivision 2a, or 297A.9901, subdivision 16, paragraph (a), clause (3).

(e) "Distribution index" for a qualified recipient means the product of: (1) its population; and (2) the proportion which the average fiscal capacity in the preceding year bears to the fiscal capacity of the qualified recipient for the preceding year.

(f) "Distribution share" for a qualified recipient means the product of: (1) the total of all contribution shares of all political subdivisions; and (2) the proportion which the distribution index for the qualified recipient bears to the sum of the distribution indices of all qualified recipients.

(g) "Fiscal capacity" of a qualified recipient means its adjusted net tax capacity divided by its population.

(h) "Local sales tax" means: (1) a local sales tax imposed under section 297A.9901; or (2) a local sales tax imposed under section 297A.99, or special law that was enacted or modified after July 1, 2024.

(i) "Political subdivision" means a political subdivision as defined in section 297A.9901, subdivision 1.

(j) "Population" means the population estimated or established, as of January 1 in the year distributions under this section are calculated, by the most recent federal census, by a special census conducted under contract with the United States Bureau of the Census, or by a population estimate of the state demographer made pursuant to section 4A.02, whichever is the most recent.

(k) "Qualified recipient" means a political subdivision that either: (1) had a contribution share greater than \$0 based on local sales taxes collected in the prior calendar year; or (2) did not collect a local sales tax in the prior calendar year that was approved by voters prior to July 1, 2024.

Subd. 2. **Local sales tax revenue sharing required.** A political subdivision with a local sales tax is subject to the contribution requirements under subdivision 3 for any calendar year, or portion thereof, in which a local sales tax was collected. All qualified recipients are eligible for distributions under this section, and the commissioner of revenue must annually calculate each qualified recipient's distribution share.

Subd. 3. **Contribution share.** Pursuant to section 297A.9901, subdivision 16, paragraph (a), clause (3), the commissioner of revenue must annually retain each political subdivision's contribution share. For any calendar year in which a political subdivision does not have a local sales tax, the political subdivision's contribution share is \$0.

Subd. 4. **Certification.** The commissioner of revenue must annually calculate and certify each political subdivision's contribution share and each qualified recipient's distribution share, based on local sales taxes collected in the prior calendar year. The commissioner must provide notice of the certification to each political subdivision by January 31.

Subd. 5. **Settlement.** By March 15 annually, the commissioner of revenue must pay to each qualified recipient the distribution share certified under subdivision 4.

Subd. 6. **Future contributions and payments** A political subdivision that has imposed a local sales tax prior to July 1, 2024, is a qualified recipient under this section if:

- (1) the political subdivision modifies, increases, or extends the local sales tax;
- (2) the political subdivision imposes a new local tax under section 297A.9901 or special law; or
- (3) the political subdivision's existing local sales tax expires.

Subd. 7. **Appropriation.** The amount required to make distributions under this section is appropriated from the local sales tax equalization distribution account established under section 297A.9901, subdivision 19, paragraph (a), to the commissioner of revenue.

Sec. 7. OFFICE OF THE STATE AUDITOR; APPROPRIATION.

\$387,000 in fiscal year 2025 is appropriated from the general fund to the state auditor to implement the requirements of section 297A.9902. The base for this appropriation is \$343,000 in fiscal year 2026 and \$360,000 in fiscal year 2027.

Sec. 8. REPEALER.

Minnesota Statutes 2023 Supplement, section 297A.99, subdivision 3a, is repealed.

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

ARTICLE 7
SPECIAL LOCAL TAXES

Section 1. Minnesota Statutes 2022, section 469.190, subdivision 1, is amended to read:

Subdivision 1. **Authorization.** (a) Notwithstanding section 477A.016 or any other law, a statutory or home rule charter city may by ordinance, and a town may by the affirmative vote of the electors at the annual town meeting, or at a special town meeting, impose a tax of up to three percent on the gross receipts from the furnishing for consideration of lodging at a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing of it for a continuous period of 30 days or more. A statutory or home rule charter city may by ordinance impose the tax authorized under this subdivision on the camping site receipts of a municipal campground.

(b) A lodging tax imposed under this section, a city charter, or a special law applies to the entire consideration paid to obtain access to lodging, including ancillary or related services, such as services provided by an accommodations intermediary as defined in section 297A.61, subdivision 47.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 2. Minnesota Statutes 2022, section 469.190, subdivision 7, is amended to read:

Subd. 7. **Collection.** (a) The statutory or home rule charter city may agree with the commissioner of revenue that a tax imposed pursuant to this section shall be collected by the commissioner together with the tax imposed by chapter 297A, and subject to the same interest, penalties, and other rules and that its proceeds, less the cost of collection, shall be remitted to the city.

(b) If a lodging tax imposed under this section, a city charter, or a special law is not collected by the commissioner of revenue, the local government imposing the tax may, by ordinance, limit the required filing and remittance of the tax by an accommodations intermediary to once per calendar year. The local government must inform the accommodations intermediary of the date when the return or remittance is due and the dates must coincide with one of the monthly dates for filing and remitting state sales tax under chapter 297A. The local government must electronically provide an accommodations intermediary with the geographic and zip code information necessary to properly collect the tax.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 3. Laws 1986, chapter 396, section 5, as amended by Laws 2001, First Special Session chapter 5, article 12, section 87, Laws 2012, chapter 299, article 3, section 3, and Laws 2019, First Special Session chapter 6, article 6, section 5, is amended to read:

Sec. 5. **LIQUOR, LODGING, AND RESTAURANT TAXES.**

The city may, by resolution, levy in addition to taxes authorized by other law:

(1) a sales tax of not more than ~~three~~ 2.5 percent on the gross receipts on retail on-sales of intoxicating liquor and fermented malt beverages when sold at licensed on-sale liquor establishments located within the downtown taxing area, provided that this tax may not be imposed if sales of intoxicating liquor and fermented malt beverages are exempt from taxation under chapter 297A;

(2) a sales tax of not more than three percent on the gross receipts from the furnishing for consideration of lodging for a period of less than 30 days at a hotel, motel, rooming house, tourist court, or trailer camp located within the city by a hotel or motel which has more than 50 rooms available for lodging; the tax imposed under this clause shall be at a rate that, when added to the sum of the rate of all other city taxes on lodging in the city of Minneapolis, equals 6.5 percent; and

(3) a sales tax of not more than ~~three~~ 2.5 percent on the gross receipts on all sales of food primarily for consumption on or off the premises by restaurants and places of refreshment as defined by resolution of the city that occur within the downtown taxing area.

The taxes authorized by this section must not be terminated before January 1, 2047. The taxes shall be imposed and may be adjusted periodically by the city council such that the rates imposed produce revenue sufficient, together with the tax imposed under section 4, to finance the purposes described in Minnesota Statutes, section 297A.994, and section 4, subdivisions 3 and 4. These taxes shall be applied, first, as provided in Minnesota Statutes, section 297A.994, subdivision 3, clauses (1) to (3), and then, solely to pay, secure, maintain, and fund the payment of any principal of, premium on, and interest on any bonds or any other purposes in section 4, subdivision 3 or 4. The commissioner of revenue may enter into appropriate agreements with the city to provide for the collection of these taxes by the state on behalf of the city. These taxes shall be subject to the same interest, penalties, and enforcement provisions as the taxes imposed under Minnesota Statutes, chapter 297A.

EFFECTIVE DATE. This section is effective for sales and purchases made after September 30, 2024.

Sec. 4. Laws 1986, chapter 400, section 44, as amended by Laws 1995, chapter 264, article 2, section 39, and Laws 2009, chapter 88, article 4, section 13, is amended to read:

Sec. 44. **DOWNTOWN TAXING AREA.**

If a bill is enacted into law in the 1986 legislative session which authorizes the city of Minneapolis to issue bonds and expend certain funds including taxes to finance the acquisition and betterment of a convention center and related facilities, which authorizes certain taxes to be levied in a downtown taxing area, then, notwithstanding the provisions of that law "downtown taxing area" shall mean the geographic area bounded by the portion of the Mississippi River between I-35W and Washington Avenue, the portion of Washington Avenue between the river and I-35W, the portion of I-35W between Washington Avenue and ~~8th Street~~ Portland Avenue South, the portion of 8th Street South between I-35W and Portland Avenue South, the portion of Portland Avenue South between 8th Street South and I-94, the portion of I-94 from the intersection of Portland Avenue South to the intersection of I-94 and ~~the Burlington Northern Railroad tracks~~ Plymouth Avenue North, the portion of ~~the Burlington Northern Railroad tracks from I-94~~ Plymouth Avenue North to the Mississippi River. From Plymouth Avenue North and the Mississippi River south to Main Street and including Nicollet Island, and the portion of Main Street to Hennepin Avenue and the portion of Hennepin Avenue between Main Street and 2nd Street S. E., and the portion of 2nd Street S. E. between Main Street and Bank Street, and the portion of Bank Street between 2nd Street S. E. and University Avenue S. E., and the portion of University Avenue S. E. between Bank Street and I-35W, and by I-35W from University Avenue S. E., to the river. The downtown taxing area excludes the area bounded on the south and west by Oak Grove Street, on the east by Spruce Place, and on the north by West 15th Street. The downtown taxing area also excludes any property located in a zone that is contained in chapter 546 of the Minneapolis Zoning Code of Ordinances on which a restaurant with a wine license is operated.

EFFECTIVE DATE. This section is effective for sales and purchases made after September 30, 2024.

ARTICLE 8
PUBLIC FINANCE

Section 1. Minnesota Statutes 2022, section 123B.71, subdivision 8, is amended to read:

Subd. 8. **Review and comment.** A school district, a special education cooperative, or a cooperative unit of government, as defined in section 123A.24, subdivision 2, must not ~~initiate~~ enter into an installment contract for purchase or a lease agreement, hold a referendum for bonds, nor solicit bids for new construction, expansion, or remodeling of an educational facility that requires an expenditure in excess of \$500,000 per school site if it has a

capital loan outstanding, or \$2,000,000 per school site if it does not have a capital loan outstanding, prior to review and comment by the commissioner. ~~A facility addition, maintenance project, or remodeling project~~ New construction, expansion, or remodeling of an educational facility funded only with general education revenue, lease levy proceeds from an additional capital expenditure levy under section 126C.40, subdivision 1, capital facilities bond proceeds, or long-term facilities maintenance revenue is exempt from this provision. A capital project under section 123B.63 addressing only technology is exempt from this provision if the district submits a school board resolution stating that funds approved by the voters will be used only as authorized in section 126C.10, subdivision 14. A school board shall not separate portions of a single project into components to avoid the requirements of this subdivision.

Sec. 2. Minnesota Statutes 2023 Supplement, section 123B.71, subdivision 12, is amended to read:

Subd. 12. **Publication.** (a) At least 48 days but not more than ~~60~~ 88 days before a referendum for bonds under chapter 475 or solicitation of bids for a project that has received a positive or unfavorable review and comment under section 123B.70, the school board shall publish a summary of the commissioner's review and comment of that project in the legal newspaper of the district. The school board must hold a public meeting to discuss the commissioner's review and comment before ~~the~~ such a referendum for bonds. Supplementary information shall be available to the public. Where no such referendum for bonds is required, the publication and public meeting requirements of this subdivision shall not apply.

(b) The publication requirement in paragraph (a) does not apply to alternative facilities projects approved under section 123B.595.

Sec. 3. Minnesota Statutes 2023 Supplement, section 126C.40, subdivision 6, is amended to read:

Subd. 6. **Lease purchase; installment buys.** (a) Upon application to, and approval by, the commissioner in accordance with the procedures and limits in subdivision 1, paragraphs (a) and (b), a district, as defined in this subdivision, may:

(1) purchase real or personal property under an installment contract or may lease real or personal property with an option to purchase under a lease purchase agreement, by which installment contract or lease purchase agreement title is kept by the seller or vendor or assigned to a third party as security for the purchase price, including interest, if any; and

(2) annually levy the amounts necessary to pay the district's obligations under the installment contract or lease purchase agreement.

(b) The obligation created by the installment contract or the lease purchase agreement must not be included in the calculation of net debt for purposes of section 475.53, and does not constitute debt under other law. An election is not required in connection with the execution of the installment contract or the lease purchase agreement.

(c) The proceeds of the levy authorized by this subdivision must not be used to acquire a facility to be primarily used for athletic or school administration purposes.

(d) For the purposes of this subdivision, "district" means:

(1) Special School District No. 1, Minneapolis, Independent School District No. 625, St. Paul, Independent School District No. 709, Duluth, or Independent School District No. 535, Rochester, if the district's desegregation plan has been determined by the commissioner to be in compliance with Department of Education rules relating to equality of educational opportunity and where the acquisition of property under this subdivision is determined by the commissioner to contribute to the implementation of the desegregation plan; or

(2) other districts eligible for revenue under section 124D.862 if the facility acquired under this subdivision is to be primarily used for a joint program for interdistrict desegregation and the commissioner determines that the joint programs are being undertaken to implement the districts' desegregation plan.

(e) Notwithstanding subdivision 1, the prohibition against a levy by a district to lease or rent a district-owned building to itself does not apply to levies otherwise authorized by this subdivision.

(f) For the purposes of this subdivision, any references in subdivision 1 to building or land shall include personal property.

(g) Projects funded under this subdivision that require an expenditure in excess of \$500,000 per school site if the school district has a capital loan outstanding, or \$2,000,000 per school site if the school district does not have a capital loan outstanding, are subject to review and comment under section 123B.71, subdivision 8, in the same manner as other school construction projects.

Sec. 4. Minnesota Statutes 2022, section 446A.086, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) As used in this section, the following terms have the meanings given.

(b) "Authority" means the Minnesota Public Facilities Authority.

(c) "Commissioner" means the commissioner of management and budget.

(d) "Debt obligation" means:

(1) a general obligation bond or note issued by a county, a bond or note to which the general obligation of a county is pledged under section 469.034, subdivision 2, or a bond or note payable from a county lease obligation under section 641.24, to provide funds for the construction of:

(i) jails;

(ii) correctional facilities;

(iii) law enforcement facilities;

(iv) a court house or justice center, if connected to a jail, correctional facility, or other law enforcement facility;

~~(iv)~~ (v) social services and human services facilities;

~~(v)~~ (vi) solid waste facilities; or

~~(vi)~~ (vii) qualified housing development projects as defined in section 469.034, subdivision 2; or

(2) a general obligation bond or note issued by a governmental unit to provide funds for the construction, improvement, or rehabilitation of:

(i) wastewater facilities;

(ii) drinking water facilities;

(iii) stormwater facilities; or

(iv) any publicly owned building or infrastructure improvement that has received partial funding from grants awarded by the commissioner of employment and economic development related to redevelopment, contaminated site cleanup, bioscience, small cities development programs, and rural business infrastructure programs, for which bonds are issued by the authority under section 446A.087.

(e) "Governmental unit" means a county or a statutory or home rule charter city.

Sec. 5. Minnesota Statutes 2022, section 469.104, is amended to read:

469.104 SECTIONS THAT APPLY IF FEDERAL LIMIT APPLIES.

Sections 474A.01 to 474A.21 apply to obligations issued under sections 469.090 to 469.108 that are limited required by federal tax law as defined in section 474A.02, subdivision 8, to obtain an allocation of volume cap.

Sec. 6. Minnesota Statutes 2022, section 474A.091, subdivision 2, is amended to read:

Subd. 2. **Application for residential rental projects.** (a) Issuers may apply for an allocation for residential rental bonds under this section by submitting to the department an application on forms provided by the department accompanied by:

(1) a preliminary resolution;

(2) a statement of bond counsel that the proposed issue of obligations requires an allocation under this chapter and the Internal Revenue Code;

(3) an application deposit in the amount of two percent of the requested allocation;

(4) a sworn statement from the applicant identifying the project as a preservation project, 30 percent AMI residential rental project, 50 percent AMI residential rental project, 100 percent LIHTC project, 20 percent LIHTC project, or any other residential rental project; and

(5) a certification from the applicant or its accountant stating that the requested allocation does not exceed the aggregate bond limitation.

The issuer must pay the application deposit to the Department of Management and Budget. An entitlement issuer may not apply for an allocation for residential rental project bonds under this section unless it has either permanently issued bonds equal to the amount of its entitlement allocation for the current year plus any amount carried forward from previous years or returned for reallocation all of its unused entitlement allocation. For purposes of this subdivision, its entitlement allocation includes an amount obtained under section 474A.04, subdivision 6.

(b) An issuer that receives an allocation under this subdivision must permanently issue obligations equal to all or a portion of the allocation received on or before the earlier of: (1) 180 days of the allocation; or (2) the last business day of December. If an issuer that receives an allocation under this subdivision does not permanently issue obligations equal to all or a portion of the allocation received within the time period provided in this paragraph or returns the allocation to the commissioner, the amount of the allocation is canceled and returned for reallocation through the unified pool.

(c) The Minnesota Housing Finance Agency may apply for and receive an allocation under this section without submitting an application deposit.

Sec. 7. Minnesota Statutes 2022, section 474A.091, subdivision 2a, is amended to read:

Subd. 2a. **Application for all other types of qualified bonds.** (a) Issuers may apply for an allocation for all types of qualified bonds other than residential rental bonds under this section by submitting to the department an application on forms provided by the department accompanied by:

- (1) a preliminary resolution;
- (2) a statement of bond counsel that the proposed issue of obligations requires an allocation under this chapter and the Internal Revenue Code;
- (3) the type of qualified bonds to be issued;
- (4) an application deposit in the amount of two percent of the requested allocation; and
- (5) a public purpose scoring worksheet for manufacturing and enterprise zone applications.

The issuer must pay the application deposit to the Department of Management and Budget. An entitlement issuer may not apply for an allocation for public facility bonds or mortgage bonds under this section unless it has either permanently issued bonds equal to the amount of its entitlement allocation for the current year plus any amount carried forward from previous years or returned for reallocation all of its unused entitlement allocation. For purposes of this subdivision, an entitlement allocation includes an amount obtained under section 474A.04, subdivision 6.

(b) An issuer that receives an allocation under this subdivision must permanently issue obligations equal to all or a portion of the allocation received on or before the earlier of: (1) 120 days of the allocation; or (2) the last business day of December. If an issuer that receives an allocation under this subdivision does not permanently issue obligations equal to all or a portion of the allocation received within the time period provided in this paragraph or returns the allocation to the commissioner, the amount of the allocation is canceled and returned for reallocation through the unified pool.

(c) Notwithstanding the restrictions imposed on entitlement issuers under this subdivision, the Minnesota Housing Finance Agency may not receive an allocation for mortgage bonds under this section prior to the first Monday in October, but may be awarded allocations for mortgage bonds from the unified pool on or after the first Monday in October. The Minnesota Housing Finance Agency, the Minnesota Office of Higher Education, and the Minnesota Rural Finance Authority may apply for and receive an allocation under this section without submitting an application deposit.

ARTICLE 9 MISCELLANEOUS

Section 1. Minnesota Statutes 2022, section 270C.21, is amended to read:

270C.21 TAXPAYER ASSISTANCE GRANTS; TAX CREDIT OUTREACH GRANTS.

Subdivision 1. **Taxpayer assistance.** When the commissioner awards grants ~~to eligible organizations to coordinate, facilitate, encourage, and aid in the provision of taxpayer assistance services~~ under this section, 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 ~~eligible~~ organizations to adequately plan expenditures for the filing season. At the time the commissioner provides public notice, the commissioner must also notify ~~eligible~~ organizations that received grants in the previous biennium. Amounts appropriated for grants under this section are not subject to retention of administrative costs under section 16B.98, subdivision 14.

Subd. 2. **Eligible organization Definitions.** ~~"Eligible organization" means an organization that meets the definition of eligible organization provided in section 7526A(e)(2)(B) of the Internal Revenue Code.~~

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

(b) "Eligible credit" means a credit, refund, or other tax preference targeting low-income taxpayers, including but not limited to the credits under sections 290.0661, 290.0671, 290.0674, and 290.0693, and chapter 290A.

(c) "Tax outreach organization" means a nonprofit organization or federally recognized Indian Tribe with experience serving demographic groups or geographic regions that have historically had low rates of participation in eligible credits.

(d) "Taxpayer assistance services" means accounting and tax preparation services provided by volunteers to low-income, elderly, and disadvantaged Minnesota residents to help them file federal and state income tax returns and Minnesota property tax refund claims and to provide personal representation before the Department of Revenue and Internal Revenue Service.

(e) "Volunteer taxpayer assistance organization" means an eligible organization qualifying under section 7526A(e)(2)(B) of the Internal Revenue Code of 1986.

Subd. 3. **Taxpayer assistance grants.** The commissioner must regularly make grants to one or more volunteer taxpayer assistance organizations to coordinate, facilitate, encourage, and aid in the provision of taxpayer assistance services.

Subd. 4. **Tax credit outreach grants.** The commissioner must regularly make one or more grants to tax outreach organizations and volunteer assistance organizations. Grants provided under this subdivision must be used to:

(1) publicize and promote the availability of eligible credits to taxpayers likely to be eligible for those credits; or

(2) provide taxpayer assistance services.

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

Sec. 2. Minnesota Statutes 2023 Supplement, section 297H.13, subdivision 2, is amended to read:

Subd. 2. **Allocation of revenues.** (a) Of the amounts remitted under this chapter, 70 percent must be credited to the environmental fund established in section 16A.531, subdivision 1.

(b) In addition to the amounts credited to the environmental fund in paragraph (a), ~~in fiscal year 2024 and later,~~ three percent of the amounts remitted under this chapter shall be deposited into the resource management account in the environmental fund. For fiscal year 2025 only, an additional \$1,821,000 must be deposited in the resource management account in the environmental fund.

(c) The remainder must be deposited into the general fund.

(d) ~~Beginning in fiscal year 2024 and annually thereafter,~~ The money deposited in the resource management account in the environmental fund under paragraph (b) is appropriated to the commissioner of the Pollution Control Agency for distribution to counties under section 115A.557, subdivision 2, paragraph (a), clauses (1) to (7) and (9) to (11). Amounts appropriated for distribution under this section are not subject to retention of administrative costs under section 16B.98, subdivision 14.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 3. **[428A.30] DEFINITIONS.**

Subdivision 1. **Scope.** For purposes of sections 428A.30 to 428A.34, the terms defined in this section have the meanings given them, unless the context indicates otherwise.

Subd. 2. **City.** "City" means a statutory or home rule charter city.

Subd. 3. **District.** "District" means a land-value taxation district established under section 428A.31.

Subd. 4. **Ordinance.** "Ordinance" means the ordinance establishing a land-value taxation district under section 428A.31.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2025.

Sec. 4. **[428A.31] ESTABLISHMENT OF LAND-VALUE TAXATION DISTRICT.**

Subdivision 1. **Ordinance.** (a) The governing body of a city may adopt an ordinance establishing a land-value taxation district. The ordinance must be adopted by May 1 of the calendar year prior to the taxes payable year in which the district would take effect. The ordinance must describe:

(1) the parcels of property constituting the district, either by specific identification of each parcel, or by defining a geographic area or areas within the city, and then within that area or those areas, identifying the specific types of property, as defined under section 273.13, to be included in the district; and

(2) the procedure for reallocating the collective property tax of all parcels within the district.

(b) In addition, the ordinance must provide for an evaluation of the economic effects of the district, including the impact on redevelopment of and investment in the district, within a specified period of time, but not less than 15 years after the district becomes effective.

Subd. 2. **Hearing; notice.** Before adopting an ordinance, the city must hold a public hearing on the question. Notice of the hearing must include the time and place of the hearing, a description of the parcels to be included in the district, a description of the procedure for reallocating the tax burden among the parcels, and the duration of the district. Each person owning property in the proposed district must be given the opportunity to be heard at the hearing. Notice of the hearing must be published on the city's website and in at least two issues of the official newspaper of the city. The two publications must be two weeks apart and the hearing must be held at least three days after the last publication. Not less than ten days before the hearing, notice must be mailed to the owner of each parcel proposed to be included in the district. For the purpose of the mailed notice, owners are those shown on the records of the county auditor. Other records may be used to supply the necessary information. At the public hearing, a person affected by the proposed district may testify on any issues relevant to the proposed district. The hearing may be adjourned from time to time and the ordinance establishing the district may be adopted at any time within six months after the date of the conclusion of the hearing by a vote of the majority of the governing body of the city. Within 30 days after adoption of the ordinance, the governing body shall send a copy of the ordinance to the commissioner of revenue.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2025.

Sec. 5. **[428A.32] RESTRICTIONS ON TAX REALLOCATION PROCEDURE.**

A tax reallocation procedure under section 428A.31, subdivision 1, paragraph (a), clause (2), must distribute taxes on taxable properties in the district by applying uniform rates to one or more of the following tax bases:

(1) net tax capacity, as defined under section 273.13, subdivision 21b;

(2) referendum market value, as defined under section 126C.01, subdivision 3;

(3) a tax base consisting of each property's estimated market value excluding the market value attributable to improvements; or

(4) a tax base consisting of each property's estimated market value excluding the market value attributable to improvements made after a date specified in the ordinance.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2025.

Sec. 6. **[428A.33] TAXATION WITHIN DISTRICT.**

Subdivision 1. **Initial taxation within district.** For each property taxes payable year, the city must compile the total property taxes imposed upon all properties within the district for each taxing jurisdiction after final property tax statements are issued under section 276.04. For the purposes of this section, the areawide taxes under chapters 276A and 473F, and the state general levy under section 275.025, are considered to be taxing jurisdictions.

Subd. 2. **Final taxation within district.** The city must allocate the tax, as determined under subdivision 1, among all properties in the district according to the terms of the ordinance, such that the entire amount of tax payable to each taxing jurisdiction under subdivision 1 is allocated among the properties constituting the district. The city must report the revised property tax amounts for each parcel of property to the county treasurer by April 30 of the year the tax is payable. The city must provide for revised property tax statements to be mailed to all properties within the district by April 30 of the year the tax is payable. Taxpayers must make payments according to the dates specified in section 279.01 as if the property tax statements were mailed 21 days prior to May 15 of the year the taxes are payable.

Subd. 3. **Report to commissioner of revenue.** By September 1 of each year, the county treasurer must report the initial and final distribution of the net tax for each parcel of property in the district to the commissioner of revenue on a form prescribed by the commissioner of revenue.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2025.

Sec. 7. **[428A.34] APPEAL OF LAND VALUE.**

The owner of any property included in a land-value taxation district under section 428A.31 may appeal the valuation attributable to land separately from the valuation attributable to improvements upon the land under sections 274.01 and 274.13 or chapter 271.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2025.

Sec. 8. **AID TO CITIES FOR EMERALD ASH BORER FINANCIAL ASSISTANCE.**

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

(1) "eligible costs" means costs incurred in 2020 or later for treating or removing a tree on residential or agricultural homestead property that has been found to be infested by the emerald ash borer and has been required by state law or by municipal ordinance to be treated or removed;

(2) "eligible homeowner" means a homeowner who experienced eligible costs related to a tree on the homeowner's property; and

(3) "eligible local government" means:

(i) a town with a population of at least 10,000;

(ii) a statutory or home rule charter city; or

(iii) "Minnesota Tribal governments," as defined in Minnesota Statutes, section 10.65, subdivision 2, clause (4).

Subd. 2. **Aid program established; payment.** The commissioner of revenue must distribute aid to eligible local governments, as provided in this section. The commissioner must certify the aid amount to be paid in 2025 to each eligible local government by January 31, 2025. The commissioner must make the full 2025 payment to each eligible local government by February 15, 2025. This program is not subject to retention of administrative costs under Minnesota Statutes, section 16B.98, subdivision 14.

Subd. 3. **Amount of aid.** (a) The commissioner of revenue must establish a process to allocate the amount of available aid to eligible local governments. The process must be an open application process for a merit-based competitive grant program. The grant program established under this subdivision must prioritize distributing aid to eligible local governments based on:

(1) the rate of emerald ash borer infestations on residential properties;

(2) the ability of the local government's residents to pay for eligible costs; and

(3) the population of the eligible local government.

(b) The commissioner of revenue must consult with the commissioners of agriculture and natural resources when establishing the process required under this subdivision.

Subd. 4. **Eligible uses.** An eligible government must use aid received under this section to reimburse eligible homeowners with incomes below 200 percent of the official federal poverty guideline for their eligible costs.

Subd. 5. **Appropriation.** \$1,000,000 in fiscal year 2025 is appropriated from the general fund to the commissioner of revenue for aid under this section. This is a onetime appropriation. The Department of Revenue may retain up to three percent of this amount for costs incurred in administering the program.

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

Sec. 9. **APPROPRIATION; ANOKA COUNTY SOIL AND WATER CONSERVATION DISTRICT; GRANT.**

\$50,000 in fiscal year 2025 is appropriated from the general fund to the commissioner of revenue for a grant to the Anoka County Soil And Water Conservation District. This is a onetime appropriation. The grant must be paid by July 15, 2024. The grant under this section is not subject to retention of administrative costs under Minnesota Statutes, section 16B.98, subdivision 14.

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

Sec. 10. **APPROPRIATION; BROWERVILLE PUBLIC SCHOOLS.**

\$580,000 in fiscal year 2025 is appropriated from the general fund to the commissioner of revenue for a grant to Browerville public schools, Independent School District No. 787, to remediate the effects of a school building roof collapse that occurred in 2023. The grant recipient must use the money appropriated under this section for materials

and supplies used in and equipment incorporated into renovations to the prekindergarten through grade 12 school building, and construction of a new gymnasium, classrooms, locker rooms, a wrestling and weight room, offices, and a stage. The grant must be paid by July 15, 2024. This appropriation is onetime. The grant under this section is not subject to retention of administrative costs under Minnesota Statutes, section 16B.98, subdivision 14.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 11. **APPROPRIATION; CITY OF SOUTH ST. PAUL; GRANT.**

(a) \$100,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of revenue for a grant to the city of South St. Paul. This is a onetime appropriation. The grant must be paid by June 30, 2024. The grant under this section is not subject to retention of administrative costs under Minnesota Statutes, section 16B.98, subdivision 14.

(b) The grant under this section must be used by the city of South St. Paul to pay for planning and development costs within the city.

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

Sec. 12. **APPROPRIATION; TAX CREDIT OUTREACH GRANTS; TAXPAYER ASSISTANCE GRANTS.**

(a) \$1,000,000 in fiscal year 2025 is appropriated from the general fund to the commissioner of revenue for tax credit outreach grants under Minnesota Statutes, section 270C.21, subdivision 4. This appropriation is in addition to the amount appropriated in Laws 2023, chapter 64, article 7, section 30. The base for this program is \$1,044,000 in fiscal year 2026 and \$1,045,000 in fiscal year 2027.

(b) \$750,000 in fiscal year 2025 is appropriated from the general fund to the commissioner of revenue for taxpayer assistance grants under Minnesota Statutes, section 270C.21, subdivision 3. This appropriation is in addition to the amount appropriated for taxpayer assistance in Laws 2023, chapter 62, article 1, section 14, subdivision 2.

ARTICLE 10

DEPARTMENT OF REVENUE; INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES

Section 1. Minnesota Statutes 2022, section 116U.27, subdivision 2, is amended to read:

Subd. 2. **Credit allowed.** A taxpayer is eligible for a credit up to 25 percent of eligible production costs paid in ~~a taxable year~~ any consecutive 12-month period as described in subdivision 1, paragraph (h). A taxpayer may only claim a credit if the taxpayer was issued a credit certificate under subdivision 4.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2022.

Sec. 2. Minnesota Statutes 2023 Supplement, 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 May 1, 2023, applies 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.

(h) In the case of a partnership electing to file a composite return under section 289A.08, subdivision 7, "net 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, 16, and 17, and the subtractions provided in: (1) section 290.0132, subdivisions 9, 27, ~~and 28~~, and 31, 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.

(i) In the case of a qualifying entity electing to pay the pass-through entity tax under section 289A.08, subdivision 7a, "net income" means the qualifying owner's share of federal adjusted gross income from the qualifying entity modified by the additions provided in section 290.0131, subdivisions 5, 8 to 10, 16, and 17, and the subtractions provided in: (1) section 290.0132, subdivisions 3, 9, 27, ~~and 28~~, and 31, 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 pass-through entity tax computation to the extent the qualifying owners would have been allowed the subtraction. ~~The income of both a resident and nonresident qualifying owner is allocated and assigned to this state as provided for nonresident partners and shareholders under sections 290.17, 290.191, and 290.20.~~

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2022.

Sec. 3. Minnesota Statutes 2023 Supplement, section 290.0132, subdivision 34, is amended to read:

Subd. 34. **Qualified retirement benefits.** (a) The amount of qualified public pension income is a subtraction. The subtraction in this section is limited to:

- (1) \$25,000 for a married taxpayer filing a joint return or surviving spouse; or
- (2) \$12,500 for all other filers.

(b) For a taxpayer with adjusted gross income above the phaseout threshold, the subtraction is reduced by ten percent for each \$2,000 of adjusted gross income, or fraction thereof, in excess of the threshold. The phaseout threshold equals:

- (1) \$100,000 for a married taxpayer filing a joint return or surviving spouse;
- (2) \$78,000 for a single or head of household taxpayer; or
- (3) for a married taxpayer filing a separate return, half the amount for a married taxpayer filing a joint return.

(c) For the purposes of this section, "qualified public pension income" means any amount received:

(1) by a former basic member or the survivor of a former basic member, as an annuity or survivor benefit, from a pension plan governed by chapter 353, 353E, 354, or 354A, provided that the annuity or benefit is based on service for which the member or survivor ~~is not also receiving~~ did not earn Social Security benefits;

(2) as an annuity or survivor benefit from the legislators plan under chapter 3A, the State Patrol retirement plan under chapter 352B, or the public employees police and fire plan under sections 353.63 to 353.666, provided that the annuity or benefit is based on service for which the member or survivor ~~is not also receiving~~ did not earn Social Security benefits;

(3) from any retirement system administered by the federal government that is based on service for which the recipient or the recipient's survivor ~~is not also receiving~~ did not earn Social Security benefits; or

(4) from a public retirement system of or created by another state or any of its political subdivisions, or the District of Columbia, if the income tax laws of the other state or district permit a similar deduction or exemption or a reciprocal deduction or exemption of a retirement or pension benefit received from a public retirement system of or created by this state or any political subdivision of this state.

(d) The commissioner must annually adjust the subtraction limits in paragraph (a) and the phaseout thresholds in paragraph (b), as provided in section 270C.22. The statutory year is taxable year 2023.

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

Sec. 4. Minnesota Statutes 2023 Supplement, section 290.0134, subdivision 20, is amended to read:

Subd. 20. **Delayed business interest.** (a) For each taxable year an addition is required under section ~~290.0134, subdivision 19~~ 290.0133, subdivision 15, the amount of the addition, less the sum of all amounts subtracted under this paragraph in all prior taxable years, that does not exceed the limitation on business interest in section 163(j) of the Internal Revenue Code of 1986, as amended through December 15, 2022, notwithstanding the special rule in section 163(j)(10) of the Internal Revenue Code, is a subtraction. Any excess is a delayed business interest carryforward, the entire amount of which must be carried to the earliest taxable year. No subtraction is allowed under this paragraph for taxable years beginning after December 31, 2022.

(b) For each of the five taxable years beginning after December 31, 2022, there is allowed a subtraction equal to one-fifth of the sum of all carryforward amounts that remain after the expiration of paragraph (a).

(c) Entities that are part of a combined reporting group under the unitary rules of section 290.17, subdivision 4, must compute deductions and additions as required under section 290.34, subdivision 5.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2019.

Sec. 5. Minnesota Statutes 2023 Supplement, section 290.0693, subdivision 1, is amended to read:

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

(b) "Dependent" means any individual who is considered a dependent under sections 151 and 152 of the Internal Revenue Code and was claimed by the taxpayer as a dependent.

(c) "Disability" has the meaning given in section 290A.03, subdivision 10.

(d) "Exemption amount" means the exemption amount under section 290.0121, subdivision 1, paragraph (b).

(e) "Gross rent" means rent 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. The gross rent of a resident of a nursing home or intermediate care facility is \$600 per month. The gross rent of a resident of an adult foster care home is \$930 per month. The commissioner shall annually adjust the amounts in this paragraph as provided in section 270C.22. The statutory year is 2023. 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 section.

(f) "Homestead" has the meaning given in section 290A.03, subdivision 6.

(g) "Household" has the meaning given in section 290A.03, subdivision 4.

(h) "Household income" means all income received by all persons of a household in a taxable year while members of the household, other than income of a dependent.

(i) "Income" means adjusted gross income, minus:

(1) for the taxpayer's first dependent, the exemption amount multiplied by 1.4;

(2) for the taxpayer's second dependent, the exemption amount multiplied by 1.3;

(3) for the taxpayer's third dependent, the exemption amount multiplied by 1.2;

(4) for the taxpayer's fourth dependent, the exemption amount multiplied by 1.1;

(5) for the taxpayer's fifth dependent, the exemption amount; and

(6) if the taxpayer or taxpayer's spouse had a disability or attained the age of 65 on or before the close of the taxable year, the exemption amount.

(j) "Rent constituting property taxes" means 17 percent of the gross rent actually paid in cash, or its equivalent, or the portion of rent paid in lieu of property taxes, in any taxable year by a claimant for the right of occupancy of the claimant's Minnesota homestead in the taxable year, and which rent constitutes the basis, in the succeeding taxable year of a claim for a credit under this section by the claimant. If an individual occupies a homestead with another person or persons not related to the individual as the individual's spouse or as dependents, and the other person or persons are residing at the homestead under a rental or lease agreement with the individual, the amount of rent constituting property tax for the individual equals that portion not covered by the rental agreement.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2023.

Sec. 6. Minnesota Statutes 2023 Supplement, section 290.0693, subdivision 6, is amended to read:

Subd. 6. **Residents of nursing homes, intermediate care facilities, long-term care facilities, or facilities accepting housing support payments.** (a) A taxpayer must not claim a credit under this section if the taxpayer is a resident of a nursing home, intermediate care facility, long-term residential facility, or a facility that accepts housing support payments whose rent constituting property taxes is paid pursuant to the Supplemental Security Income program under title XVI of the Social Security Act, the Minnesota supplemental aid program under sections 256D.35 to 256D.54, the medical assistance program pursuant to title XIX of the Social Security Act, or the housing support program under chapter 256I.

(b) If only a portion of the rent constituting property taxes is paid by these programs, the resident is eligible for a credit, but the credit calculated must be multiplied by a fraction, the numerator of which is adjusted gross income, ~~reduced by the total amount of income from the above sources other than vendor payments under the medical assistance program~~ and the denominator of which is adjusted gross income, plus vendor payments under the medical assistance program, to determine the allowable credit.

(c) Notwithstanding paragraphs (a) and (b), if the taxpayer was a resident of the nursing home, intermediate care facility, long-term residential facility, or facility for which the rent was paid for the claimant by the housing support program for only a portion of the taxable year covered by the claim, the taxpayer may compute rent constituting property taxes by disregarding the rent constituting property taxes from the nursing home or facility and may use only that amount of rent constituting property taxes or property taxes payable relating to that portion of the year when the taxpayer was not in the facility. The taxpayer's household income is the income for the entire taxable year covered by the claim.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2023.

Sec. 7. Minnesota Statutes 2023 Supplement, section 290.0693, subdivision 8, is amended to read:

Subd. 8. **One claimant per household.** Only one taxpayer per household per year is entitled to claim a credit under this section. In the case of a married couple filing a joint return, the couple may claim a credit under this section based on the total amount of both spouses' gross rent. In the case of a married taxpayer filing a separate return, only one spouse may claim the credit under this section. The credit amount for the spouse that claims the credit must be calculated based on household income and not solely on the income of the spouse.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2023.

Sec. 8. Minnesota Statutes 2023 Supplement, section 290.0695, subdivision 2, is amended to read:

Subd. 2. **Credit allowed; limitation; carryover.** (a) An eligible taxpayer is allowed a credit against tax due under this chapter equal to 50 percent of ~~eligible expenses, not to exceed \$3,000 per mile, multiplied by the number of miles of railroad track owned or leased within the state by the eligible taxpayer for which the taxpayer made the~~ qualified railroad reconstruction or replacement expenditures ~~as of the close of the taxable year for which the credit is claimed~~ made by an eligible taxpayer within this state during the taxable year for which the credit is claimed.

(b) The credit allowed under paragraph (a) for any taxable year must not exceed the product of:

(1) \$3,000, multiplied by;

(2) the number of miles of railroad track owned or leased by the eligible taxpayer within this state as of the close of the taxable year for which the taxpayer made qualified railroad reconstruction or replacement expenditures for which the credit is claimed.

~~(b)~~ (c) If the amount of the credit determined under this section for any taxable year exceeds the liability for tax under this chapter, the excess is a credit carryover to each of the five succeeding taxable years. The entire amount of the excess unused credit for the taxable year must be carried first to the earliest of the taxable years to which the credit may be carried and then to each successive year to which the credit may be carried. The amount of the unused credit that may be added under this paragraph must not exceed the taxpayer's liability for tax less the credit for the taxable year.

~~(c)~~ (d) An eligible taxpayer claiming a credit under this section may not also claim the credit under section 2971.20, subdivision 6, for the same qualified railroad reconstruction or replacement expenditures.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2022.

Sec. 9. Laws 2023, chapter 1, section 22, is amended to read:

Sec. 22. **TEMPORARY ADDITIONS AND SUBTRACTIONS; INDIVIDUALS, ESTATES, AND TRUSTS.**

(a) For the purposes of this section:

(1) "subtraction" has the meaning given in Minnesota Statutes, section 290.0132, subdivision 1, and the rules in that subdivision apply to this section;

(2) "addition" has the meaning given in Minnesota Statutes, section 290.0131, subdivision 1, and the rules in that subdivision apply to this section; and

(3) the definitions in Minnesota Statutes, section 290.01, apply to this section.

(b) The following amounts are subtractions:

(1) the amount of wages used for the calculation of the employee retention credit for employers affected by qualified disasters, to the extent not deducted from income, under Public Law 116-94, division Q, section 203, or Public Law 116-260, division EE, section 303;

(2) the amount of wages used for the calculation of the payroll credit for required paid sick leave, to the extent not deducted from income, under Public Law 116-127, section 7001, as amended by section 9641 of Public Law 117-2;

(3) the amount of wages or expenses used for the calculation of the payroll credit for required paid family leave, to the extent not deducted from income, under Public Law 116-127, section 7003, as amended by section 9641 of Public Law 117-2;

(4) the amount of wages used for the calculation of the employee retention credit for employers subject to closure due to COVID-19, to the extent not deducted from income, under Public Law 116-136, section 2301, as amended by Public Law 116-260, division EE, section 207, and Public Law 117-2, section 9651; and

(5) the amount required to be added to gross income to claim the credit in section 6432 of the Internal Revenue Code.

(c) The following amounts are additions:

(1) the amount subtracted for qualified tuition expenses under section 222 of the Internal Revenue Code, as amended by Public Law 116-94, division Q, section 104;

(2) the amount of above the line charitable contributions deducted under section 2204 of Public Law 116-136;

(3) the amount of meal expenses in excess of the 50 percent limitation under section 274(n)(1) of the Internal Revenue Code allowed under subsection (n), paragraph (2), subparagraph (D), of that section; and

(4) the amount of charitable contributions deducted from federal taxable income by a trust for taxable year 2020 under Public Law 116-136, section 2205(a).

(d) The commissioner of revenue must apply the subtractions in paragraph (b) and the additions in paragraph (c), when calculating the following:

(1) the percentage under Minnesota Statutes, section 290.06, subdivision 2c, paragraph (e);

(2) a taxpayer's alternative minimum taxable income under Minnesota Statutes, section 290.091; and

(3) "income" ~~as defined in Minnesota Statutes, section 289A.08, subdivision 7, paragraph (j),~~ for the purposes of determining the tax for composite filers and the pass-through entity tax, means the partner's share of federal adjusted gross income from the partnership modified by the additions provided in Minnesota Statutes, section 290.0131, subdivisions 8 to 10, 16, 17, and 19, and the subtractions provided in (i) Minnesota Statutes, section 290.0132, subdivisions 9, 27, and 28, to the extent the amount is assignable or allocable to Minnesota under Minnesota Statutes, section 290.17; and (ii) Minnesota Statutes, section 290.0132, subdivision 14. The subtraction allowed under Minnesota Statutes, 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.

(e) For the purpose of calculating property tax refunds under Minnesota Statutes, chapter 290A, any amounts allowed as a subtraction in paragraph (b) are excluded from "income," as defined in Minnesota Statutes, section 290A.03, subdivision 3.

EFFECTIVE DATE. This section is effective retroactively at the same time the changes in Laws 2023, chapter 1, section 22, were effective for federal purposes.

ARTICLE 11 DEPARTMENT OF REVENUE; SALES AND USE TAXES

Section 1. Minnesota Statutes 2022, section 297A.66, subdivision 3, is amended to read:

Subd. 3. **Marketplace provider liability.** ~~(a)~~ A marketplace provider is deemed the retailer or seller for all retail sales it facilitates, and is subject to audit on the retail sales it facilitates if it is required to collect sales and use taxes and remit them to the commissioner under subdivision 2, paragraphs (b) and (c).

~~(b) A marketplace provider is not liable for failing to file, collect, and remit sales and use taxes to the commissioner if the marketplace provider demonstrates that the error was due to incorrect or insufficient information given to the marketplace provider by the retailer. This paragraph does not apply if the marketplace provider and the marketplace retailer are related as defined in subdivision 4, paragraph (b).~~

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2024

Sec. 2. Minnesota Statutes 2022, section 297A.66, is amended by adding a subdivision to read:

Subd. 3a. Marketplace provider relief. (a) A marketplace provider is relieved of liability for failure to collect the correct amount of sales or use tax, with respect to sales on behalf of marketplace sellers, to the extent that the marketplace provider can demonstrate that the error was due to incorrect information given to the marketplace provider by the marketplace seller, unless the marketplace provider and the marketplace seller are affiliated persons. To qualify for the liability relief under this subdivision, a marketplace provider must have received erroneous information from a marketplace seller that prevented the marketplace provider from properly determining the correct tax amount owed. A marketplace provider does not qualify for the liability relief under this subdivision when a marketplace seller provided information that was correct, but was incomplete or insufficient to make the proper taxability determination.

(b) If the marketplace provider is relieved of liability under paragraph (a), the marketplace seller is solely liable for the amount of uncollected tax due.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2024

ARTICLE 12

DEPARTMENT OF REVENUE; PROPERTY TAXES AND LOCAL GOVERNMENT AIDS

Section 1. Minnesota Statutes 2022, section 273.13, subdivision 22, is amended to read:

Subd. 22. **Class 1.** (a) Except as provided in subdivision 23 and in paragraphs (b) and (c), real estate which is residential and used for homestead purposes is class 1a. In the case of a duplex or triplex in which one of the units is used for homestead purposes, the entire property is deemed to be used for homestead purposes. The market value of class 1a property must be determined based upon the value of the house, garage, and land.

The first \$500,000 of market value of class 1a property has a net classification rate of one percent of its market value; and the market value of class 1a property that exceeds \$500,000 has a classification rate of 1.25 percent of its market value.

(b) Class 1b property includes homestead real estate or homestead manufactured homes used for the purposes of a homestead by:

(1) any person who is blind as defined in section 256D.35, or the person who is blind and the spouse of the person who is blind;

(2) any person who is permanently and totally disabled or by the person with a disability and the spouse of the person with a disability; or

(3) the surviving spouse of a veteran who was permanently and totally disabled homesteading a property classified under this paragraph for taxes payable in 2008.

Property is classified and assessed under clause (2) only if the government agency or income-providing source certifies, upon the request of the homestead occupant, that the homestead occupant satisfies the disability requirements of this paragraph, and that the property is not eligible for the valuation exclusion under subdivision 34.

Property is classified and assessed under paragraph (b) only if the commissioner of revenue or the county assessor certifies that the homestead occupant satisfies the requirements of this paragraph.

Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings the person an income. The first \$50,000 market value of class 1b property has a net classification rate of .45 percent of its market value. The remaining market value of class 1b property is classified as class 1a, ~~or~~ class 2a property, or class 4d(2) whichever is appropriate.

(c) Class 1c property is commercial use real and personal property that abuts public water as defined in section 103G.005, subdivision 15, or abuts a state trail administered by the Department of Natural Resources, and is devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment, and that includes a portion used as a homestead by the owner, which includes a dwelling occupied as a homestead by a shareholder of a corporation that owns the resort, a partner in a partnership that owns the resort, or a member of a limited liability company that owns the resort even if the title to the homestead is held by the corporation, partnership, or limited liability company. For purposes of this paragraph, property is devoted to a commercial purpose on a specific day if any portion of the property, excluding the portion used exclusively as a homestead, is used for residential occupancy and a fee is charged for residential occupancy. Class 1c property must contain three or more rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site equipped with water and electrical hookups for recreational vehicles. Class 1c property must provide recreational activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill or cross-country ski equipment; provide marina services, launch services, or guide services; or sell bait and fishing tackle. Any unit in which the right to use the property is transferred to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies for class 1c even though it may remain available for rent. A camping pad offered for rent by a property that otherwise qualifies for class 1c is also class 1c, regardless of the term of the rental agreement, as long as the use of the camping pad does not exceed 250 days. If the same owner owns two separate parcels that are located in the same township, and one of those properties is classified as a class 1c property and the other would be eligible to be classified as a class 1c property if it was used as the homestead of the owner, both properties will be assessed as a single class 1c property; for purposes of this sentence, properties are deemed to be owned by the same owner if each of them is owned by a limited liability company, and both limited liability companies have the same membership. The portion of the property used as a homestead is class 1a property under paragraph (a). The remainder of the property is classified as follows: the first \$600,000 of market value is tier I, the next \$1,700,000 of market value is tier II, and any remaining market value is tier III. The classification rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25 percent. Owners of real and personal property devoted to temporary and seasonal residential occupancy for recreation purposes in which all or a portion of the property was devoted to commercial purposes for not more than 250 days in the year preceding the year of assessment desiring classification as class 1c, must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located must be designated as class 1c as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located must be designated as class 3a commercial. The owner of property desiring designation as class 1c property must provide guest registers or other records demonstrating that the units for which class 1c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

(d) Class 1d property includes structures that meet all of the following criteria:

(1) the structure is located on property that is classified as agricultural property under section 273.13, subdivision 23;

(2) the structure is occupied exclusively by seasonal farm workers during the time when they work on that farm, and the occupants are not charged rent for the privilege of occupying the property, provided that use of the structure for storage of farm equipment and produce does not disqualify the property from classification under this paragraph;

(3) the structure meets all applicable health and safety requirements for the appropriate season; and

(4) the structure is not salable as residential property because it does not comply with local ordinances relating to location in relation to streets or roads.

The market value of class 1d property has the same classification rates as class 1a property under paragraph (a).

EFFECTIVE DATE. This section is effective for assessment year 2025 and thereafter.

Sec. 2. Minnesota Statutes 2022, section 375.192, subdivision 2, is amended to read:

Subd. 2. **Procedure, conditions.** Upon written application by the owner of any property, the county board may grant the reduction or abatement of estimated market valuation or taxes and of any costs, penalties, or interest on them as the board deems just and equitable and order the refund in whole or part of any taxes, costs, penalties, or interest which have been erroneously or unjustly paid. Except as provided in sections 469.1812 to 469.1815, no reduction or abatement may be granted on the basis of providing an incentive for economic development or redevelopment. Except as provided in section 375.194, the county board may consider and grant reductions or abatements on applications only as they relate to taxes payable in the current year and the two prior years; provided that reductions or abatements for the two prior years shall be considered or granted only for (i) clerical errors, or (ii) when the taxpayer fails to file for a reduction or an adjustment due to hardship, as determined by the county board. The application must include the Social Security number or individual taxpayer identification number of the applicant. The Social Security number ~~is~~ and individual taxpayer identification number are private data on individuals as defined by section 13.02, subdivision 12. All applications must be approved by the county assessor, or, if the property is located in a city of the first or second class having a city assessor, by the city assessor, and by the county auditor before consideration by the county board, except that the part of the application which is for the abatement of penalty or interest must be approved by the county treasurer and county auditor. Approval by the county or city assessor is not required for abatements of penalty or interest. No reduction, abatement, or refund of any special assessments made or levied by any municipality for local improvements shall be made unless it is also approved by the board of review or similar taxing authority of the municipality. On any reduction or abatement when the reduction of taxes, costs, penalties, and interest exceed \$10,000, the county board shall give notice within 20 days to the school board and the municipality in which the property is located. The notice must describe the property involved, the actual amount of the reduction being sought, and the reason for the reduction.

An appeal may not be taken to the Tax Court from any order of the county board made in the exercise of the discretionary authority granted in this section.

The county auditor shall notify the commissioner of revenue of all abatements resulting from the erroneous classification of real property, for tax purposes, as nonhomestead property. For the abatements relating to the current year's tax processed through June 30, the auditor shall notify the commissioner on or before July 31 of that same year of all abatement applications granted. For the abatements relating to the current year's tax processed after June 30 through the balance of the year, the auditor shall notify the commissioner on or before the following January 31 of all applications granted. The county auditor shall submit a form containing the Social Security number or individual taxpayer identification number of the applicant and such other information the commissioner prescribes.

EFFECTIVE DATE. This section is effective retroactively for abatement applications filed in 2023 and thereafter.

Sec. 3. Minnesota Statutes 2023 Supplement, section 477A.35, subdivision 6, is amended to read:

Subd. 6. **Administration.** (a) The commissioner of revenue must compute the amount of aid payable to each tier I city and county under this section. ~~By August 1 of each year, the commissioner must certify the distribution factors of each tier I city and county to be used in the following year. The commissioner must pay local affordable housing aid annually at the times provided in section 477A.015, distributing the amounts available on the immediately preceding June 1 under the accounts established in section 477A.37, subdivisions 2 and 3. On or before September 1 of each year, the commissioner of revenue must certify the amount to be paid to each tier I city and county in that year. By July 15, 2024, and annually thereafter, the commissioner of management and budget must certify to the commissioner of revenue the balances in the accounts established in section 477A.37, subdivisions 2 and 3, as of the immediately preceding June 1. The commissioner of revenue must pay the full amount of aid on October 1 annually.~~

(b) Beginning in 2025, tier I cities and counties shall submit a report annually, no later than December 1 of each year, to the Minnesota Housing Finance Agency. The report must include documentation of the location of any unspent funds distributed under this section and of qualifying projects completed or planned with funds under this section. If a tier I city or county fails to submit a report, if a tier I city or county fails to spend funds within the timeline imposed under subdivision 5, paragraph (b), or if a tier I city or county uses funds for a project that does not qualify under this section, the Minnesota Housing Finance Agency shall notify the Department of Revenue and the cities and counties that must repay funds under paragraph (c) by February 15 of the following year.

(c) By May 15, after receiving notice from the Minnesota Housing Finance Agency, a tier I city or county must pay to the Minnesota Housing Finance Agency funds the city or county received under this section if the city or county:

- (1) fails to spend the funds within the time allowed under subdivision 5, paragraph (b);
- (2) spends the funds on anything other than a qualifying project; or
- (3) fails to submit a report documenting use of the funds.

(d) The commissioner of revenue must stop distributing funds to a tier I city or county that, in three consecutive years, the Minnesota Housing Finance Agency has reported, pursuant to paragraph (b), to have failed to use funds, misused funds, or failed to report on its use of funds.

(e) The commissioner may resume distributing funds to a tier I city or county to which the commissioner has stopped payments in the year following the August 1 after the Minnesota Housing Finance Agency certifies that the city or county has submitted documentation of plans for a qualifying project.

(f) By June 1, any funds paid to the Minnesota Housing Finance Agency under paragraph (c) must be deposited in the housing development fund. Funds deposited under this paragraph are appropriated to the commissioner of the Minnesota Housing Finance Agency for use on the family homeless prevention and assistance program under section 462A.204, the economic development and housing challenge program under section 462A.33, and the workforce and affordable homeownership development program under section 462A.38.

EFFECTIVE DATE. This section is effective for aids payable in 2024 and thereafter.

ARTICLE 13
DEPARTMENT OF REVENUE; MISCELLANEOUS

Section 1. Minnesota Statutes 2022, section 270C.445, subdivision 6, is amended to read:

Subd. 6. **Enforcement; administrative order; penalties; cease and desist.** (a) The commissioner may impose an administrative penalty of not more than \$1,000 per violation of subdivision 3 or 5, or section 270C.4451, provided that a penalty may not be imposed for any conduct for which a tax preparer penalty is imposed under section 289A.60, subdivision 13. The commissioner may terminate a tax preparer's authority to transmit returns electronically to the state, if the commissioner determines the tax preparer engaged in a pattern and practice of violating this section. Imposition of a penalty under this paragraph is subject to the contested case procedure under chapter 14. The commissioner shall collect the penalty in the same manner as the income tax. There is no right to make a claim for refund under section 289A.50 of the penalty imposed under this paragraph. Penalties imposed under this paragraph are public data.

(b) In addition to the penalty under paragraph (a), if the commissioner determines that a tax preparer has violated subdivision 3 or 5, or section 270C.4451, the commissioner may issue an administrative order to the tax preparer requiring the tax preparer to cease and desist from committing the violation. The administrative order may include an administrative penalty provided in paragraph (a).

(c) If the commissioner issues an administrative order under paragraph (b), the commissioner must send the order to the tax preparer addressed to the last known address of the tax preparer.

(d) A cease and desist order under paragraph (b) must:

(1) describe the act, conduct, or practice committed and include a reference to the law that the act, conduct, or practice violates; and

(2) provide notice that the tax preparer may request a hearing as provided in this subdivision.

(e) Within 30 days after the commissioner issues an administrative order under paragraph (b), the tax preparer may request a hearing to review the commissioner's action. The request for hearing must be made in writing and must be served on the commissioner at the address specified in the order. The hearing request must specifically state the reasons for seeking review of the order. The date on which a request for hearing is served by mail is the postmark date on the envelope in which the request for hearing is mailed.

(f) If a tax preparer does not timely request a hearing regarding an administrative order issued under paragraph (b), the order becomes a final order of the commissioner and is not subject to review by any court or agency.

(g) If a tax preparer timely requests a hearing regarding an administrative order issued under paragraph (b), the hearing must be commenced by the issuance of a notice of and order for hearing by the commissioner within ~~ten~~ 30 days after the commissioner receives the request for a hearing.

(h) A hearing timely requested under paragraph (e) is subject to the contested case procedure under chapter 14, as modified by this subdivision. The administrative law judge must issue a report containing findings of fact, conclusions of law, and a recommended order within ~~ten~~ 30 days after the completion of the hearing, the receipt of late-filed exhibits, or the submission of written arguments, whichever is later.

(i) Within ~~five~~ 15 days of the date of the administrative law judge's report issued under paragraph (h), any party aggrieved by the administrative law judge's report may submit written exceptions and arguments to the commissioner. Within ~~45~~ 45 days after receiving the administrative law judge's report, the commissioner must issue an order vacating, modifying, or making final the administrative order.

(j) The commissioner and the tax preparer requesting a hearing may by agreement lengthen any time periods prescribed in paragraphs (g) to (i).

(k) An administrative order issued under paragraph (b) is in effect until it is modified or vacated by the commissioner or an appellate court. The administrative hearing provided by paragraphs (e) to (i) and any appellate judicial review as provided in chapter 14 constitute the exclusive remedy for a tax preparer aggrieved by the order.

(l) The commissioner may impose an administrative penalty, in addition to the penalty under paragraph (a), up to \$5,000 per violation of a cease and desist order issued under paragraph (b). Imposition of a penalty under this paragraph is subject to the contested case procedure under chapter 14. Within 30 days after the commissioner imposes a penalty under this paragraph, the tax preparer assessed the penalty may request a hearing to review the penalty order. The request for hearing must be made in writing and must be served on the commissioner at the address specified in the order. The hearing request must specifically state the reasons for seeking review of the order. The cease and desist order issued under paragraph (b) is not subject to review in a proceeding to challenge the penalty order under this paragraph. The date on which a request for hearing is served by mail is the postmark date on the envelope in which the request for hearing is mailed. If the tax preparer does not timely request a hearing, the penalty order becomes a final order of the commissioner and is not subject to review by any court or agency. A penalty imposed by the commissioner under this paragraph may be collected and enforced by the commissioner as an income tax liability. There is no right to make a claim for refund under section 289A.50 of the penalty imposed under this paragraph. A penalty imposed under this paragraph is public data.

(m) If a tax preparer violates a cease and desist order issued under paragraph (b), the commissioner may terminate the tax preparer's authority to transmit returns electronically to the state. Termination under this paragraph is public data.

(n) A cease and desist order issued under paragraph (b) is public data when it is a final order.

(o) Notwithstanding any other law, the commissioner may impose a penalty or take other action under this subdivision against a tax preparer, with respect to a return, within the period to assess tax on that return as provided by sections 289A.38 to 289A.382.

(p) Notwithstanding any other law, the imposition of a penalty or any other action against a tax preparer under this subdivision, other than with respect to a return, must be taken by the commissioner within five years of the violation of statute.

EFFECTIVE DATE. This section is effective for penalties assessed and orders issued after the day following final enactment.

Sec. 2. Minnesota Statutes 2022, section 289A.12, subdivision 18, is amended to read:

Subd. 18. **Returns** **Return by qualified heirs.** A qualified heir, as defined in section 291.03, subdivision 8, paragraph (c), must file ~~two returns~~ a return with the commissioner attesting that no disposition or cessation as provided by section 291.03, subdivision 11, paragraph (a), occurred. ~~The first return must be filed no earlier than 24 months and no later than 26 months after the decedent's death.~~ The ~~second~~ return must be filed no earlier than 36 months and no later than 39 months after the decedent's death.

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

Sec. 3. Minnesota Statutes 2023 Supplement, section 297E.06, subdivision 4, is amended to read:

Subd. 4. **Annual audit, and certified inventory, ~~and cash count~~.** (a) An organization licensed under chapter 349 with gross receipts from lawful gambling of more than \$750,000 in any year must have an annual financial audit of its lawful gambling activities and funds for that year. For the purposes of this subdivision, "gross receipts" does not include a licensed organization's receipts from electronic pull-tabs regulated under chapter 349 provided the electronic pull-tab manufacturer has completed an annual system and organization controls audit, containing standards that must incorporate and be consistent with standards prescribed by the American Institute of Certified Public Accountants.

(b) The commissioner may require a financial audit of the lawful gambling activities and funds of an organization licensed under chapter 349, with gross receipts less than \$750,000 annually, when an organization has:

- (1) failed to timely file required gambling tax returns;
- (2) failed to timely pay the gambling tax or regulatory fee;
- (3) filed fraudulent gambling tax returns;
- (4) failed to take corrective actions required by the commissioner; or
- (5) failed to otherwise comply with this chapter.

(c) Audits under this subdivision must be performed by an independent accountant firm licensed in accordance with chapter 326A.

(d) An organization licensed under chapter 349 must perform an annual certified inventory ~~and cash count~~ report at the end of its fiscal year and submit the report to the commissioner within 30 days after the end of its fiscal year. The report shall be on a form prescribed by the commissioner.

(e) The commissioner of revenue shall prescribe standards for the audits, and certified inventory, ~~and cash count reports~~ report required under this subdivision. The standards may vary based on the gross receipts of the organization. The standards must incorporate and be consistent with standards prescribed by the American Institute of Certified Public Accountants. A complete, true, and correct copy of the audits, and certified inventory, ~~and cash count~~ report must be filed as prescribed by the commissioner.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 4. Minnesota Statutes 2022, section 297I.20, subdivision 4, is amended to read:

Subd. 4. **Film production credit.** (a) A taxpayer may claim a credit against the premiums tax imposed under this chapter equal to the amount indicated on the credit certificate statement issued to the company under section 116U.27. If the amount of the credit exceeds the taxpayer's liability for tax under this chapter, the excess is a credit carryover to each of the five succeeding taxable years. The entire amount of the excess unused credit for the taxable year must be carried first to the earliest of the taxable years to which the credit may be carried and then to each successive year to which the credit may be carried. This credit does not affect the calculation of fire state aid under section 477B.03 and police state aid under section 477C.03.

(b) This subdivision expires January 1, ~~2025~~ 2031, for taxable years beginning after and premiums received after December 31, ~~2024~~ 2030.

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

Sec. 5. Laws 2023, chapter 1, section 28, is amended to read:

Sec. 28. **EXTENSION OF STATUTE OF LIMITATIONS.**

(a) Notwithstanding any law to the contrary, a taxpayer whose tax liability changes as a result of this act may file an amended return by December 31, 2023. The commissioner may review and assess the return of a taxpayer covered by this provision for the later of:

- (1) the periods under Minnesota Statutes, sections 289A.38; ~~289.39~~ 289A.39, subdivision 3; and 289A.40; or
- (2) one year from the time the amended return is filed as a result of a change in tax liability under this section.

(b) Interest on any additional liabilities as a result of any provision in this act accrue beginning on January 1, 2024.

EFFECTIVE DATE. This section is effective retroactively at the same time the changes incorporated in Laws 2023, chapter 1, were effective for federal purposes."

Delete the title and insert:

"A bill for an act relating to taxation; modifying individual income taxes, corporate franchise taxes, property taxes, local government aids, minerals taxes, sales and use taxes, gross receipts taxes, excise taxes, and other tax-related provisions; modifying income tax credits and subtractions; expanding the child tax credit and providing for a minimum credit; providing for nonconformity to certain worker classification rules; providing for disclosure of certain corporate franchise tax information; providing for direct free filing; requiring a corporate tax base erosion study; modifying property tax exemptions, credits, classifications, and abatements; adjusting local government aid calculations and payments and forgiving local government aid penalties; providing for an advance homestead credit for seniors; providing for transfers and distributions of proceeds of minerals taxes; providing for issuance of revenue bonds; providing for an amusement device gross receipts tax in lieu of the sales and use tax; providing sales and use tax construction exemptions; repealing the tax on illegal marijuana and controlled substances; providing special tax increment financing authority; authorizing cities and counties to impose local sales and use taxes for certain projects; establishing a local sales tax equalization distribution; providing for state auditor oversight of local sales and use taxes; modifying certain special local taxes; providing for taxpayer assistance and outreach grants; providing aid for various uses; providing for the establishment of land valuation districts; making technical changes; requiring reports; transferring money; appropriating money; amending Minnesota Statutes 2022, sections 10A.02, subdivision 11b; 10A.322, subdivision 4; 116U.27, subdivision 2; 123B.53, subdivision 1; 123B.71, subdivision 8; 270C.21; 270C.445, subdivision 6; 272.02, subdivisions 7, 19, by adding subdivisions; 273.13, subdivision 22; 273.135, subdivision 2; 273.1393; 273.38; 273.41; 275.065, by adding a subdivision; 276.04, subdivision 2, as amended, by adding a subdivision; 276A.01, subdivision 17; 276A.06, subdivision 8; 289A.08, subdivision 1; 289A.12, subdivision 18; 290.0132, by adding a subdivision; 290.0683, subdivision 3; 290.92, by adding a subdivision; 290A.03, by adding subdivisions; 295.53, subdivision 4a; 297A.66, subdivision 3, by adding a subdivision; 297A.68, subdivisions 3a, 45; 297A.99, subdivision 3, by adding a subdivision; 297I.20, subdivision 4; 298.17; 298.28, subdivision 8; 298.282, subdivision 1; 298.292, subdivision 2; 375.192, subdivision 2; 446A.086, subdivision 1; 469.104; 469.1812, by adding a subdivision; 469.1813, subdivisions 1, 6, by adding a subdivision; 469.190, subdivisions 1, 7; 474A.091, subdivisions 2, 2a; 609.902, subdivision 4; Minnesota Statutes 2023 Supplement, sections 41B.0391, subdivision 4; 123B.71, subdivision 12; 126C.40, subdivision 6; 273.13, subdivision 25; 273.1392; 275.065, subdivision 3; 290.01, subdivision 19; 290.0132, subdivision 34; 290.0134, subdivision 20; 290.06, subdivision 23; 290.0661, subdivisions 1, 8, by adding a subdivision; 290.0671, subdivision 1a; 290.0693, subdivisions 1, 6, 8; 290.0695, subdivision 2; 290A.03, subdivisions 3, 13; 297A.61, subdivision 3; 297A.99, subdivision 1; 297E.06, subdivision 4; 297H.13, subdivision 2; 298.018, subdivision 1; 298.28, subdivisions 7a, 16; 477A.30, subdivisions 4, 5, 6, 7; 477A.35, subdivision 6; Laws 1986, chapter 396, section 5, as amended; Laws 1986, chapter 400, section 44, as amended; Laws 2010, chapter 389, article 7, section 22, as

amended; Laws 2014, chapter 308, article 6, section 9, as amended; Laws 2017, First Special Session chapter 1, article 6, section 22; Laws 2023, chapter 1, sections 22; 28; proposing coding for new law in Minnesota Statutes, chapters 270B; 273; 289A; 290A; 295; 297A; 428A; repealing Minnesota Statutes 2022, sections 13.4967, subdivision 5; 297D.02; 297D.03; 297D.05; 297D.09, subdivisions 1, 2; 297D.12; 297D.13; Minnesota Statutes 2023 Supplement, sections 297A.99, subdivision 3a; 297D.01; 297D.04; 297D.06; 297D.07; 297D.08; 297D.085; 297D.09, subdivision 1a; 297D.10; 297D.11; 477A.30, subdivision 8; Laws 2023, chapter 64, article 15, section 24."

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

The report was adopted.

Klevorn from the Committee on State and Local Government Finance and Policy to which was referred:

H. F. No. 5274, A bill for an act relating to horse racing; providing for the conduct of advance deposit wagering, card playing, and pari-mutuel betting; prohibiting the authorization of historical horse racing and other games; providing definitions; making clarifying and conforming changes; amending Minnesota Statutes 2022, sections 240.01, subdivisions 1c, 5, 8, 14, by adding subdivisions; 240.30, subdivision 8; proposing coding for new law in Minnesota Statutes, chapter 240.

Reported the same back with the following amendments:

Page 1, delete section 2

Page 2, delete sections 3 and 7

Renumber the sections in sequence

Correct the title numbers accordingly

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

The report was adopted.

Stephenson from the Committee on Commerce Finance and Policy to which was referred:

H. F. No. 5295, A bill for an act relating to commerce; modifying fees assessed by the Department of Commerce; amending Minnesota Statutes 2022, sections 45.0135, subdivision 7; 62Q.73, subdivision 3.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
APPROPRIATIONS

Section 1. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2023, chapter 63, article 9, to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years

indicated for each purpose. The figures "2024" and "2025" used in this article mean that the addition to or subtraction from the appropriation listed under them is available for the fiscal year ending June 30, 2024, or June 30, 2025, respectively. "The first year" is fiscal year 2024. "The second year" is fiscal year 2025. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2024, are effective the day following final enactment.

	<u>APPROPRIATIONS</u>	
	<u>Available for the Year</u>	
	<u>Ending June 30</u>	
	<u>2024</u>	<u>2025</u>
Sec. 2. <u>OFFICE OF CANNABIS MANAGEMENT</u>	<u>\$-0-</u>	<u>\$2,727,000</u>
<u>(a) Enforcement of Temporary Regulations</u>		
<u>\$1,107,000 in fiscal year 2025 is for regulation of products subject to the requirements of Minnesota Statutes, section 151.72. This is a onetime appropriation.</u>		
<u>(b) Product Testing</u>		
<u>\$771,000 in fiscal year 2025 is for testing products regulated under Minnesota Statutes, section 151.72, and chapter 342. The base for this appropriation is \$690,000 in fiscal year 2026 and each year thereafter.</u>		
<u>(c) Reference Laboratory</u>		
<u>\$849,000 in fiscal year 2025 is to operate a state reference laboratory. The base for this appropriation is \$632,000 in fiscal year 2026 and \$696,000 in fiscal year 2027.</u>		
Sec. 3. <u>DEPARTMENT OF HEALTH</u>	<u>\$-0-</u>	<u>\$5,500,000</u>
<u>\$5,500,000 in fiscal year 2025 is for the purposes outlined in Minnesota Statutes, section 342.72.</u>		
Sec. 4. <u>ATTORNEY GENERAL.</u>		
<u>The general fund appropriation base for the attorney general is increased by \$988,000 in fiscal year 2026 and \$748,000 in fiscal year 2027 for staffing and other costs related to potential violations, compliance monitoring, and enforcement of the Minnesota Consumer Data Privacy Act.</u>		
Sec. 5. Laws 2023, chapter 63, article 9, section 10, is amended to read:		
Sec. 10. HEALTH		
Subdivision 1. Total Appropriation	\$3,300,000	\$ <u>20,252,000</u> <u>17,525,000</u>

The base for this appropriation is ~~\$19,064,000~~ \$17,742,000 in fiscal year 2026 and ~~each fiscal year thereafter~~ \$17,678,000 in fiscal year 2027.

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

Subd. 2. Youth <u>Prevention and Education Program</u>	-0-	5,000,000 <u>4,363,000</u>
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For administration and grants under Minnesota Statutes, section 144.197, subdivision 1. Of the amount appropriated, \$2,863,000 is for program operations and administration and \$1,500,000 is for grants. The base for this appropriation is \$4,534,000 in fiscal year 2026 and \$4,470,000 in fiscal year 2027.

Subd. 3. <u>Prevention and Education Grants for Pregnant or Breastfeeding Individuals</u>	-0-	2,000,000 <u>1,788,000</u>
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For ~~grants under~~ a coordinated prevention and education program for pregnant and breastfeeding individuals under Minnesota Statutes, section 144.197, subdivision 2. The base for this appropriation is \$1,834,000 beginning in fiscal year 2026.

Subd. 4. Local and Tribal Health Departments	-0-	10,000,000
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For administration and grants under Minnesota Statutes, section 144.197, subdivision 4. Of the amount appropriated, \$1,094,000 is for administration and \$8,906,000 is for grants.

Subd. 5. Cannabis Data Collection and Biennial Reports	493,000	493,000
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For reports under Minnesota Statutes, section 144.196.

Subd. 6. Administration for Expungement Orders	71,000	71,000
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For administration related to orders issued by the Cannabis Expungement Board. The base for this appropriation is \$71,000 in fiscal year 2026, \$71,000 in fiscal year 2027, \$71,000 in fiscal year 2028, \$71,000 in fiscal year 2029, and \$0 in fiscal year 2030.

Subd. 7. Grants to the Minnesota Poison Control System	910,000	810,000
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For administration and grants under Minnesota Statutes, section 145.93. Of the amount appropriated in fiscal year 2025, \$15,000 is for administration and \$795,000 is for grants.

Subd. 8. Temporary Regulation of Edible Products Extracted from Hemp	1,107,000	1,107,000 -0-
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For temporary regulation under the health enforcement consolidation act of edible products extracted from hemp. The commissioner may transfer encumbrances and unobligated amounts to the Office of Cannabis Management for this purpose. This is a onetime appropriation.

Subd. 9. **Testing.**

719,000

~~771,000~~ -0-

For testing of edible cannabinoid products. ~~The base for this appropriation is \$690,000 in fiscal year 2026 and each fiscal year thereafter. The commissioner may transfer encumbrances and unobligated amounts to the Office of Cannabis Management for this purpose.~~

Sec. 6. Laws 2023, chapter 63, article 9, section 19, is amended to read:

Sec. 19. **APPROPRIATION AND BASE REDUCTIONS.**

(a) The commissioner of management and budget must reduce general fund appropriations to the commissioner of corrections by \$165,000 in fiscal year 2024 and \$368,000 in fiscal year 2025. The commissioner must reduce the base for general fund appropriations to the commissioner of corrections by \$460,000 in fiscal year 2026 and \$503,000 in fiscal year 2027.

~~(b) The commissioner of management and budget must reduce general fund appropriations to the commissioner of health by \$260,000 in fiscal year 2025 for the administration of the medical cannabis program. The commissioner must reduce the base for general fund appropriations to the commissioner of health by \$781,000 in fiscal year 2026 and each fiscal year thereafter.~~

~~(c) The commissioner of management and budget must reduce state government special revenue fund appropriations to the commissioner of health by \$1,141,000 in fiscal year 2025 for the administration of the medical cannabis program. The commissioner must reduce the base for state government special revenue fund appropriations to the commissioner of health by \$3,424,000 in fiscal year 2026 and each fiscal year thereafter.~~

Sec. 7. Laws 2023, chapter 63, article 9, section 20, is amended to read:

Sec. 20. **TRANSFERS.**

(a) \$1,000,000 in fiscal year 2024 and \$1,000,000 in fiscal year 2025 are transferred from the general fund to the dual training account in the special revenue fund under Minnesota Statutes, section 136A.246, subdivision 10, for grants to employers in the legal cannabis industry. The base for this transfer is \$1,000,000 in fiscal year 2026 and each fiscal year thereafter. The commissioner may use up to six percent of the amount transferred for administrative costs. The commissioner shall give priority to applications from employers who are, or who are training employees who are, eligible to be social equity applicants under Minnesota Statutes, section 342.17. After June 30, 2025, any unencumbered balance from this transfer may be used for grants to any eligible employer under Minnesota Statutes, section 136A.246.

~~(b) \$5,500,000 in fiscal year 2024 and \$5,500,000 in fiscal year 2025 are transferred from the general fund to the substance use treatment, recovery, and prevention grant account established under Minnesota Statutes, section 342.72. The base for this transfer is \$5,500,000 in fiscal year 2026 and each fiscal year thereafter.~~

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

ARTICLE 2
CANNABIS AND HEALTH-RELATED RESPONSIBILITIES

Section 1. Minnesota Statutes 2023 Supplement, section 144.197, is amended to read:

144.197 CANNABIS AND SUBSTANCE MISUSE PREVENTION AND EDUCATION PROGRAMS.

Subdivision 1. **Youth prevention and education program.** The commissioner of health, in consultation with the commissioners of human services and education and in collaboration with local health departments ~~and Tribal health departments,~~ shall conduct a long-term, coordinated ~~education~~ program to raise public awareness about ~~and address the top three substance misuse prevention, treatment options, and recovery options.~~ The program must address adverse health effects, ~~as determined by the commissioner,~~ associated with the use of cannabis flower, cannabis products, lower-potency hemp edibles, or hemp-derived consumer products by persons under age 25. In conducting this education program, the commissioner shall engage and consult with youth around the state on program content and on methods to effectively disseminate program information to youth around the state.

Subd. 2. **Prevention and education program for pregnant and breastfeeding individuals; and individuals who may become pregnant.** The commissioner of health, in consultation with the commissioners of human services and education, shall conduct a long-term, coordinated prevention program ~~to educate~~ focused on (1) preventing substance use by pregnant individuals, breastfeeding individuals, and individuals who may become pregnant, and (2) raising public awareness of the risks of substance use while pregnant or breastfeeding. The program must include education on the adverse health effects of prenatal exposure to cannabis flower, cannabis products, lower-potency hemp edibles, or hemp-derived consumer products and on the adverse health effects experienced by infants and children who are exposed to cannabis flower, cannabis products, lower-potency hemp edibles, or hemp-derived consumer products in breast milk, from secondhand smoke, or by ingesting cannabinoid products. ~~This~~ The prevention and education program must also educate individuals on what constitutes a substance use disorder, signs of a substance use disorder, and treatment options for persons with a substance use disorder. The prevention and education program must also provide resources, including training resources, technical assistance, or educational materials, to local public health home visiting programs, Tribal home visiting programs, and child welfare workers.

Subd. 3. **Home visiting programs.** The commissioner of health shall provide training, technical assistance, and education materials to local public health home visiting programs and Tribal home visiting programs and child welfare workers regarding the safe and unsafe use of cannabis flower, cannabis products, lower-potency hemp edibles, or hemp-derived consumer products in homes with infants and young children. ~~Training, technical assistance, and education materials shall address substance use, the signs of a substance use disorder, treatment options for persons with a substance use disorder, the dangers of driving under the influence of cannabis flower, cannabis products, lower-potency hemp edibles, or hemp-derived consumer products, how to safely consume cannabis flower, cannabis products, lower-potency hemp edibles, or hemp-derived consumer products in homes with infants and young children, and how to prevent infants and young children from being exposed to cannabis flower, cannabis products, lower-potency hemp edibles, or hemp-derived consumer products by ingesting cannabinoid products or through secondhand smoke.~~

Subd. 4. **Local and Tribal health departments.** The commissioner of health shall distribute grants to local health departments and Tribal health departments for ~~these~~ the departments to create ~~and disseminate educational materials on cannabis flower, cannabis products, lower-potency hemp edibles, and hemp-derived consumer products and to provide safe use and prevention training, education, technical assistance, and community engagement regarding cannabis flower, cannabis products, lower-potency hemp edibles, and hemp-derived consumer products.~~ prevention, education, and recovery programs focusing on substance misuse prevention and treatment options. The programs may include specific cannabis-related initiatives.

Sec. 2. Minnesota Statutes 2023 Supplement, section 342.15, is amended by adding a subdivision to read:

Subd. 1a. **Transmission of fees.** A cannabis business background check account is established as a separate account in the special revenue fund. All fees received by the office under subdivision 1 must be deposited in the account and are appropriated to the office to pay for the criminal records checks conducted by the Bureau of Criminal Apprehension and Federal Bureau of Investigation.

Sec. 3. Minnesota Statutes 2023 Supplement, section 342.72, is amended to read:

342.72 SUBSTANCE USE TREATMENT, RECOVERY, AND PREVENTION GRANTS.

Subdivision 1. ~~Account **Grant program established; appropriation.** A substance use treatment, recovery, and prevention grant account program is created in the special revenue fund established and must be administered by the commissioner of health. Money in the account, including interest earned, is appropriated to the office for the purposes specified in this section. Of the amount transferred from the general fund to the account, the office may use up to five percent for administrative expenses.~~

~~Subd. 2. **Acceptance of gifts and grants.** Notwithstanding sections 16A.013 to 16A.016, the office may accept money contributed by individuals and may apply for grants from charitable foundations to be used for the purposes identified in this section. The money accepted under this section must be deposited in the substance use treatment, recovery, and prevention grant account created under subdivision 1.~~

Subd. 3. **Disposition of money; grants.** (a) ~~Money in the~~ Substance use treatment, recovery, and prevention ~~grant account grants~~ must be distributed as follows:

(1) at least 75 percent of the money is for grants for substance use disorder and mental health recovery and prevention programs. Funds must be used for recovery and prevention activities and supplies that assist individuals and families to initiate, stabilize, and maintain long-term recovery from substance use disorders and co-occurring mental health conditions. Recovery and prevention activities may include prevention education, school-linked behavioral health, school-based peer programs, peer supports, self-care and wellness, culturally specific healing, community public awareness, mutual aid networks, telephone recovery checkups, mental health warmlines, harm reduction, recovery community organization development, first episode psychosis programs, and recovery housing; and

(2) up to 25 percent of the money is for substance use disorder treatment programs as defined in chapter 245G and may be used to implement, strengthen, or expand supportive services and activities that are not covered by medical assistance under chapter 256B, MinnesotaCare under chapter 256L, or the behavioral health fund under chapter 254B. Services and activities may include adoption or expansion of evidence-based practices; competency-based training; continuing education; culturally specific and culturally responsive services; sober recreational activities; developing referral relationships; family preservation and healing; and start-up or capacity funding for programs that specialize in adolescent, culturally specific, culturally responsive, disability-specific, co-occurring disorder, or family treatment services.

(b) ~~The office~~ commissioner of health shall consult with the Governor's Advisory Council on Opioids, Substance Use, and Addiction; the commissioner of human services; and ~~the commissioner of health~~ the Office of Cannabis Management to develop an appropriate application process, establish grant requirements, determine what organizations are eligible to receive grants, and establish reporting requirements for grant recipients.

Subd. 4. **Reports to the legislature.** By January 15, ~~2024, and each January 15 thereafter~~ year, the ~~office~~ commissioner of health must submit a report to the chairs and ranking minority members of the committees of the house of representatives and the senate having jurisdiction over health and human services policy and finance that details ~~grants awarded from~~ the substance use treatment, recovery, and prevention ~~grant account~~ grants awarded, including the total amount awarded, total number of recipients, and geographic distribution of those recipients. Notwithstanding section 144.05, subdivision 7, the reporting requirement under this subdivision does not expire.

Sec. 4. **REPORT BY THE COMMISSIONER OF COMMERCE.**

By January 30, 2025, the commissioner of commerce must report to the chairs and ranking minority members of the legislative committees with jurisdiction over commerce, health, and human services, regarding the balance of the premium security plan account under Minnesota Statutes, section 62E.25, subdivision 1, the estimated cost to continue the premium security plan, and the plan's future interactions with public health programs. The report must include an assessment of potential alternatives that would be available upon expiration of the current waiver.

ARTICLE 3
INSURANCE ASSESSMENTS AND FEES

Section 1. Minnesota Statutes 2022, section 45.0135, subdivision 7, is amended to read:

Subd. 7. **Assessment.** Each insurer authorized to sell insurance in the state of Minnesota, including surplus lines carriers, and having Minnesota earned premium the previous calendar year shall remit an assessment to the commissioner for deposit in the insurance fraud prevention account on or before June 1 of each year. The amount of the assessment shall be based on the insurer's total assets and on the insurer's total written Minnesota premium, for the preceding fiscal year, as reported pursuant to section 60A.13. ~~The assessment is calculated to be an amount up to the following~~ Beginning with the payment due on or before June 1, 2024, the assessment amount is:

Total Assets	Assessment
Less than \$100,000,000	\$ 200 <u>400</u>
\$100,000,000 to \$1,000,000,000	\$ 750 <u>1,500</u>
Over \$1,000,000,000	\$ 2,000 <u>4,000</u>
Minnesota Written Premium	Assessment
Less than \$10,000,000	\$ 200 <u>400</u>
\$10,000,000 to \$100,000,000	\$ 750 <u>1,500</u>
Over \$100,000,000	\$ 2,000 <u>4,000</u>

For purposes of this subdivision, the following entities are not considered to be insurers authorized to sell insurance in the state of Minnesota: risk retention groups; or township mutuals organized under chapter 67A.

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

Sec. 2. Minnesota Statutes 2022, section 62Q.73, subdivision 3, is amended to read:

Subd. 3. **Right to external review.** (a) Any enrollee or anyone acting on behalf of an enrollee who has received an adverse determination may submit a written request for an external review of the adverse determination, if applicable under section 62Q.68, subdivision 1, or 62M.06, to the commissioner of health if the request involves a health plan company regulated by that commissioner or to the commissioner of commerce if the request involves a health plan company regulated by that commissioner. Notification of the enrollee's right to external review must accompany the denial issued by the insurer. ~~The written request must be accompanied by a filing fee of \$25. The fee may be waived by the commissioner of health or commerce in cases of financial hardship and must be refunded if the adverse determination is completely reversed. No enrollee may be subject to filing fees totaling more than \$75 during a plan year for group coverage or policy year for individual coverage.~~

(b) Nothing in this section requires the commissioner of health or commerce to independently investigate an adverse determination referred for independent external review.

(c) If an enrollee requests an external review, the health plan company must participate in the external review. The cost of the external review ~~in excess of the filing fee described in paragraph (a) shall~~ must be borne by the health plan company.

(d) The enrollee must request external review within six months from the date of the adverse determination.

ARTICLE 4 CONSUMER DATA PRIVACY

Section 1. [13.6505] ATTORNEY GENERAL DATA CODED ELSEWHERE.

Subdivision 1. **Scope.** The section referred to in this section is codified outside this chapter. Those sections classify attorney general data as other than public, place restrictions on access to government data, or involve data sharing.

Subd. 2. **Data privacy and protection assessments.** A data privacy and protection assessment collected or maintained by the attorney general is classified under section 325O.08.

Sec. 2. [325O.01] CITATION.

This chapter may be cited as the "Minnesota Consumer Data Privacy Act."

Sec. 3. [325O.02] DEFINITIONS.

(a) For purposes of this chapter, the following terms have the meanings given.

(b) "Affiliate" means a legal entity that controls, is controlled by, or is under common control with another legal entity. For purposes of this paragraph, "control" or "controlled" means: ownership of or the power to vote more than 50 percent of the outstanding shares of any class of voting security of a company; control in any manner over the election of a majority of the directors or of individuals exercising similar functions; or the power to exercise a controlling influence over the management of a company.

(c) "Authenticate" means to use reasonable means to determine that a request to exercise any of the rights under section 325O.05, subdivision 1, paragraphs (b) to (h), is being made by or rightfully on behalf of the consumer who is entitled to exercise the rights with respect to the personal data at issue.

(d) "Biometric data" means data generated by automatic measurements of an individual's biological characteristics, including a fingerprint, a voiceprint, eye retinas, irises, or other unique biological patterns or characteristics that are used to identify a specific individual. Biometric data does not include:

(1) a digital or physical photograph;

(2) an audio or video recording; or

(3) any data generated from a digital or physical photograph, or an audio or video recording, unless the data is generated to identify a specific individual.

(e) "Child" has the meaning given in United States Code, title 15, section 6501.

(f) "Consent" means any freely given, specific, informed, and unambiguous indication of the consumer's wishes by which the consumer signifies agreement to the processing of personal data relating to the consumer. Acceptance of a general or broad terms of use or similar document that contains descriptions of personal data processing along

with other, unrelated information does not constitute consent. Hovering over, muting, pausing, or closing a given piece of content does not constitute consent. A consent is not valid when the consumer's indication has been obtained by a dark pattern. A consumer may revoke consent previously given, consistent with this chapter.

(g) "Consumer" means a natural person who is a Minnesota resident acting only in an individual or household context. Consumer does not include a natural person acting in a commercial or employment context.

(h) "Controller" means the natural or legal person who, alone or jointly with others, determines the purposes and means of the processing of personal data.

(i) "Decisions that produce legal or similarly significant effects concerning the consumer" means decisions made by the controller that result in the provision or denial by the controller of financial or lending services, housing, insurance, education enrollment or opportunity, criminal justice, employment opportunities, health care services, or access to essential goods or services.

(j) "Dark pattern" means a user interface designed or manipulated with the substantial effect of subverting or impairing user autonomy, decision making, or choice.

(k) "Deidentified data" means data that cannot reasonably be used to infer information about or otherwise be linked to an identified or identifiable natural person or a device linked to an identified or identifiable natural person, provided that the controller that possesses the data:

(1) takes reasonable measures to ensure that the data cannot be associated with a natural person;

(2) publicly commits to process the data only in a deidentified fashion and not attempt to reidentify the data; and

(3) contractually obligates any recipients of the information to comply with all provisions of this paragraph.

(l) "Delete" means to remove or destroy information so that it is not maintained in human- or machine-readable form and cannot be retrieved or utilized in the ordinary course of business.

(m) "Genetic information" has the meaning given in section 13.386, subdivision 1.

(n) "Identified or identifiable natural person" means a person who can be readily identified, directly or indirectly.

(o) "Known child" means a person under circumstances where a controller has actual knowledge of, or willfully disregards, that the person is under 13 years of age.

(p) "Personal data" means any information that is linked or reasonably linkable to an identified or identifiable natural person. Personal data does not include deidentified data or publicly available information. For purposes of this paragraph, "publicly available information" means information that (1) is lawfully made available from federal, state, or local government records or widely distributed media, or (2) a controller has a reasonable basis to believe has lawfully been made available to the general public.

(q) "Process" or "processing" means any operation or set of operations that are performed on personal data or on sets of personal data, whether or not by automated means, including but not limited to the collection, use, storage, disclosure, analysis, deletion, or modification of personal data.

(r) "Processor" means a natural or legal person who processes personal data on behalf of a controller.

(s) "Profiling" means any form of automated processing of personal data to evaluate, analyze, or predict personal aspects related to an identified or identifiable natural person's economic situation, health, personal preferences, interests, reliability, behavior, location, or movements.

(t) "Pseudonymous data" means personal data that cannot be attributed to a specific natural person without the use of additional information, provided that the additional information is kept separately and is subject to appropriate technical and organizational measures to ensure that the personal data are not attributed to an identified or identifiable natural person.

(u) "Sale," "sell," or "sold" means the exchange of personal data for monetary or other valuable consideration by the controller to a third party. Sale does not include the following:

(1) the disclosure of personal data to a processor who processes the personal data on behalf of the controller;

(2) the disclosure of personal data to a third party for purposes of providing a product or service requested by the consumer;

(3) the disclosure or transfer of personal data to an affiliate of the controller;

(4) the disclosure of information that the consumer intentionally made available to the general public via a channel of mass media and did not restrict to a specific audience;

(5) the disclosure or transfer of personal data to a third party as an asset that is part of a completed or proposed merger, acquisition, bankruptcy, or other transaction in which the third party assumes control of all or part of the controller's assets; or

(6) the exchange of personal data between the producer of a good or service and authorized agents of the producer who sell and service the goods and services, to enable the cooperative provisioning of goods and services by both the producer and the producer's agents.

(v) Sensitive data is a form of personal data. "Sensitive data" means:

(1) personal data revealing racial or ethnic origin, religious beliefs, mental or physical health condition or diagnosis, sexual orientation, or citizenship or immigration status;

(2) the processing of biometric data or genetic information for the purpose of uniquely identifying an individual;

(3) the personal data of a known child; or

(4) specific geolocation data.

(w) "Specific geolocation data" means information derived from technology, including but not limited to global positioning system level latitude and longitude coordinates or other mechanisms, that directly identifies the geographic coordinates of a consumer or a device linked to a consumer with an accuracy of more than three decimal degrees of latitude and longitude or the equivalent in an alternative geographic coordinate system, or a street address derived from the coordinates. Specific geolocation data does not include the content of communications, the contents of databases containing street address information which are accessible to the public as authorized by law, or any data generated by or connected to advanced utility metering infrastructure systems or other equipment for use by a public utility.

(x) "Targeted advertising" means displaying advertisements to a consumer where the advertisement is selected based on personal data obtained or inferred from the consumer's activities over time and across nonaffiliated websites or online applications to predict the consumer's preferences or interests. Targeted advertising does not include:

(1) advertising based on activities within a controller's own websites or online applications;

(2) advertising based on the context of a consumer's current search query or visit to a website or online application;

(3) advertising to a consumer in response to the consumer's request for information or feedback; or

(4) processing personal data solely for measuring or reporting advertising performance, reach, or frequency.

(y) "Third party" means a natural or legal person, public authority, agency, or body other than the consumer, controller, processor, or an affiliate of the processor or the controller.

(z) "Trade secret" has the meaning given in section 325C.01, subdivision 5.

Sec. 4. **[3250.03] SCOPE; EXCLUSIONS.**

Subdivision 1. **Scope.** (a) This chapter applies to legal entities that conduct business in Minnesota or produce products or services that are targeted to residents of Minnesota, and that satisfy one or more of the following thresholds:

(1) during a calendar year, controls or processes personal data of 100,000 consumers or more, excluding personal data controlled or processed solely for the purpose of completing a payment transaction; or

(2) derives over 25 percent of gross revenue from the sale of personal data and processes or controls personal data of 25,000 consumers or more.

(b) A controller or processor acting as a technology provider under section 13.32 shall comply with this chapter and section 13.32, except that when the provisions of section 13.32 conflict with this chapter, section 13.32 prevails.

Subd. 2. **Exclusions.** (a) This chapter does not apply to the following entities, activities, or types of information:

(1) a government entity, as defined by section 13.02, subdivision 7a;

(2) a federally recognized Indian tribe;

(3) information that meets the definition of:

(i) protected health information, as defined by and for purposes of the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, and related regulations;

(ii) health records, as defined in section 144.291, subdivision 2;

(iii) patient identifying information for purposes of Code of Federal Regulations, title 42, part 2, established pursuant to United States Code, title 42, section 290dd-2;

(iv) identifiable private information for purposes of the federal policy for the protection of human subjects, Code of Federal Regulations, title 45, part 46; identifiable private information that is otherwise information collected as part of human subjects research pursuant to the good clinical practice guidelines issued by the International Council for Harmonisation; the protection of human subjects under Code of Federal Regulations, title 21, parts 50 and 56; or personal data used or shared in research conducted in accordance with one or more of the requirements set forth in this paragraph;

(v) information and documents created for purposes of the federal Health Care Quality Improvement Act of 1986, Public Law 99-660, and related regulations; or

(vi) patient safety work product for purposes of Code of Federal Regulations, title 42, part 3, established pursuant to United States Code, title 42, sections 299b-21 to 299b-26;

(4) information that is derived from any of the health care-related information listed in clause (3), but that has been deidentified in accordance with the requirements for deidentification set forth in Code of Federal Regulations, title 45, part 164;

(5) information originating from, and intermingled to be indistinguishable with, any of the health care-related information listed in clause (3) that is maintained by:

(i) a covered entity or business associate, as defined by the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, and related regulations;

(ii) a health care provider, as defined in section 144.291, subdivision 2; or

(iii) a program or a qualified service organization, as defined by Code of Federal Regulations, title 42, part 2, established pursuant to United States Code, title 42, section 290dd-2;

(6) information that is:

(i) maintained by an entity that meets the definition of health care provider under Code of Federal Regulations, title 45, section 160.103, to the extent that the entity maintains the information in the manner required of covered entities with respect to protected health information for purposes of the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, and related regulations;

(ii) included in a limited data set, as described under Code of Federal Regulations, title 45, part 164.514(e), to the extent that the information is used, disclosed, and maintained in the manner specified by that part;

(iii) maintained by, or maintained to comply with the rules or orders of, a self-regulatory organization as defined by United States Code, title 15, section 78c(a)(26); or

(iv) originated from, or intermingled with, information described in clause (9) and that a licensed residential mortgage originator, as defined under section 58.02, subdivision 19, or residential mortgage servicer, as defined under section 58.02, subdivision 20, collects, processes, uses, or maintains in the same manner as required under the laws and regulations specified in clause (9);

(7) information used only for public health activities and purposes, as described under Code of Federal Regulations, title 45, part 164.512;

(8) an activity involving the collection, maintenance, disclosure, sale, communication, or use of any personal data bearing on a consumer's credit worthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living by a consumer reporting agency, as defined in United States Code, title 15, section 1681a(f), by a furnisher of information, as set forth in United States Code, title 15, section 1681s-2, who provides information for use in a consumer report, as defined in United States Code, title 15, section 1681a(d), and by a user of a consumer report, as set forth in United States Code, title 15, section 1681b, except that information is only excluded under this paragraph to the extent that the activity involving the collection, maintenance, disclosure, sale, communication, or use of the information by the agency, furnisher, or user is subject to regulation under the federal Fair Credit Reporting Act, United States Code, title 15, sections 1681 to 1681x, and the information is not collected, maintained, used, communicated, disclosed, or sold except as authorized by the Fair Credit Reporting Act;

(9) personal data collected, processed, sold, or disclosed pursuant to the federal Gramm-Leach-Bliley Act, Public Law 106-102, and implementing regulations, if the collection, processing, sale, or disclosure is in compliance with that law;

(10) personal data collected, processed, sold, or disclosed pursuant to the federal Driver's Privacy Protection Act of 1994, United States Code, title 18, sections 2721 to 2725, if the collection, processing, sale, or disclosure is in compliance with that law;

(11) personal data regulated by the federal Family Educational Rights and Privacy Act, United States Code, title 20, section 1232g, and implementing regulations;

(12) personal data collected, processed, sold, or disclosed pursuant to the federal Farm Credit Act of 1971, as amended, United States Code, title 12, sections 2001 to 2279cc, and implementing regulations, Code of Federal Regulations, title 12, part 600, if the collection, processing, sale, or disclosure is in compliance with that law;

(13) data collected or maintained:

(i) in the course of an individual acting as a job applicant to or an employee, owner, director, officer, medical staff member, or contractor of a business if the data is collected and used solely within the context of the role;

(ii) as the emergency contact information of an individual under item (i) if used solely for emergency contact purposes; or

(iii) that is necessary for the business to retain to administer benefits for another individual relating to the individual under item (i) if used solely for the purposes of administering those benefits;

(14) personal data collected, processed, sold, or disclosed pursuant to the Minnesota Insurance Fair Information Reporting Act in sections 72A.49 to 72A.505;

(15) data collected, processed, sold, or disclosed as part of a payment-only credit, check, or cash transaction where no data about consumers, as defined in section 325O.02, are retained;

(16) a state or federally chartered bank or credit union, or an affiliate or subsidiary that is principally engaged in financial activities, as described in United States Code, title 12, section 1843(k);

(17) information that originates from, or is intermingled so as to be indistinguishable from, information described in clause (8) and that a person licensed under chapter 56 collects, processes, uses, or maintains in the same manner as is required under the laws and regulations specified in clause (8);

(18) an insurance company, as defined in section 60A.02, subdivision 4, an insurance producer, as defined in section 60K.31, subdivision 6, a third-party administrator of self-insurance, or an affiliate or subsidiary of any entity identified in this clause that is principally engaged in financial activities, as described in United States Code, title 12, section 1843(k), except that this clause does not apply to a person that, alone or in combination with another person, establishes and maintains a self-insurance program that does not otherwise engage in the business of entering into policies of insurance;

(19) a small business, as defined by the United States Small Business Administration under Code of Federal Regulations, title 13, part 121, except that a small business identified in this clause is subject to section 325O.075;

(20) a nonprofit organization that is established to detect and prevent fraudulent acts in connection with insurance; and

(21) an air carrier subject to the federal Airline Deregulation Act, Public Law 95-504, only to the extent that an air carrier collects personal data related to prices, routes, or services and only to the extent that the provisions of the Airline Deregulation Act preempt the requirements of this chapter.

(b) Controllers that are in compliance with the Children's Online Privacy Protection Act, United States Code, title 15, sections 6501 to 6506, and implementing regulations, shall be deemed compliant with any obligation to obtain parental consent under this chapter.

Sec. 5. **[325O.04] RESPONSIBILITY ACCORDING TO ROLE.**

(a) Controllers and processors are responsible for meeting the respective obligations established under this chapter.

(b) Processors are responsible under this chapter for adhering to the instructions of the controller and assisting the controller to meet the controller's obligations under this chapter. Assistance under this paragraph shall include the following:

(1) taking into account the nature of the processing, the processor shall assist the controller by appropriate technical and organizational measures, insofar as this is possible, for the fulfillment of the controller's obligation to respond to consumer requests to exercise their rights pursuant to section 325O.05; and

(2) taking into account the nature of processing and the information available to the processor, the processor shall assist the controller in meeting the controller's obligations in relation to the security of processing the personal data and in relation to the notification of a breach of the security of the system pursuant to section 325E.61, and shall provide information to the controller necessary to enable the controller to conduct and document any data privacy and protection assessments required by section 325O.08.

(c) A contract between a controller and a processor shall govern the processor's data processing procedures with respect to processing performed on behalf of the controller. The contract shall be binding and clearly set forth instructions for processing data, the nature and purpose of processing, the type of data subject to processing, the duration of processing, and the rights and obligations of both parties. The contract shall also require that the processor:

(1) ensure that each person processing the personal data is subject to a duty of confidentiality with respect to the data; and

(2) engage a subcontractor only (i) after providing the controller with an opportunity to object, and (ii) pursuant to a written contract in accordance with paragraph (e) that requires the subcontractor to meet the obligations of the processor with respect to the personal data.

(d) Taking into account the context of processing, the controller and the processor shall implement appropriate technical and organizational measures to ensure a level of security appropriate to the risk and establish a clear allocation of the responsibilities between the controller and the processor to implement the technical and organizational measures.

(e) Processing by a processor shall be governed by a contract between the controller and the processor that is binding on both parties and that sets out the processing instructions to which the processor is bound, including the nature and purpose of the processing, the type of personal data subject to the processing, the duration of the processing, and the obligations and rights of both parties. The contract shall include the requirements imposed by this paragraph, paragraphs (c) and (d), as well as the following requirements:

(1) at the choice of the controller, the processor shall delete or return all personal data to the controller as requested at the end of the provision of services, unless retention of the personal data is required by law;

(2) upon a reasonable request from the controller, the processor shall make available to the controller all information necessary to demonstrate compliance with the obligations in this chapter; and

(3) the processor shall allow for, and contribute to, reasonable assessments and inspections by the controller or the controller's designated assessor. Alternatively, the processor may arrange for a qualified and independent assessor to conduct, at least annually and at the processor's expense, an assessment of the processor's policies and technical and organizational measures in support of the obligations under this chapter. The assessor must use an appropriate and accepted control standard or framework and assessment procedure for assessments as applicable, and shall provide a report of an assessment to the controller upon request.

(f) In no event shall any contract relieve a controller or a processor from the liabilities imposed on a controller or processor by virtue of the controller's or processor's roles in the processing relationship under this chapter.

(g) Determining whether a person is acting as a controller or processor with respect to a specific processing of data is a fact-based determination that depends upon the context in which personal data are to be processed. A person that is not limited in the person's processing of personal data pursuant to a controller's instructions, or that fails to adhere to a controller's instructions, is a controller and not a processor with respect to a specific processing of data. A processor that continues to adhere to a controller's instructions with respect to a specific processing of personal data remains a processor. If a processor begins, alone or jointly with others, determining the purposes and means of the processing of personal data, the processor is a controller with respect to the processing.

Sec. 6. [3250.05] CONSUMER PERSONAL DATA RIGHTS.

Subdivision 1. Consumer rights provided. (a) Except as provided in this chapter, a controller must comply with a request to exercise the consumer rights provided in this subdivision.

(b) A consumer has the right to confirm whether or not a controller is processing personal data concerning the consumer and access the categories of personal data the controller is processing.

(c) A consumer has the right to correct inaccurate personal data concerning the consumer, taking into account the nature of the personal data and the purposes of the processing of the personal data.

(d) A consumer has the right to delete personal data concerning the consumer.

(e) A consumer has the right to obtain personal data concerning the consumer, which the consumer previously provided to the controller, in a portable and, to the extent technically feasible, readily usable format that allows the consumer to transmit the data to another controller without hindrance, where the processing is carried out by automated means.

(f) A consumer has the right to opt out of the processing of personal data concerning the consumer for purposes of targeted advertising, the sale of personal data, or profiling in furtherance of automated decisions that produce legal effects concerning a consumer or similarly significant effects concerning a consumer.

(g) If a consumer's personal data is profiled in furtherance of decisions that produce legal effects concerning a consumer or similarly significant effects concerning a consumer, the consumer has the right to question the result of the profiling, to be informed of the reason that the profiling resulted in the decision, and, if feasible, to be informed of what actions the consumer might have taken to secure a different decision and the actions that the consumer might take to secure a different decision in the future. The consumer has the right to review the consumer's personal data used in the profiling. If the decision is determined to have been based upon inaccurate personal data, taking into account the nature of the personal data and the purposes of the processing of the personal data, the consumer has the right to have the data corrected and the profiling decision reevaluated based upon the corrected data.

(h) A consumer has a right to obtain a list of the specific third parties to which the controller has disclosed the consumer's personal data. If the controller does not maintain the information in a format specific to the consumer, a list of specific third parties to whom the controller has disclosed any consumers' personal data may be provided instead.

Subd. 2. Exercising consumer rights. (a) A consumer may exercise the rights set forth in this section by submitting a request, at any time, to a controller specifying which rights the consumer wishes to exercise.

(b) In the case of processing personal data concerning a known child, the parent or legal guardian of the known child may exercise the rights of this chapter on the child's behalf.

(c) In the case of processing personal data concerning a consumer legally subject to guardianship or conservatorship under sections 524.5-101 to 524.5-502, the guardian or the conservator of the consumer may exercise the rights of this chapter on the consumer's behalf.

(d) A consumer may designate another person as the consumer's authorized agent to exercise the consumer's right to opt out of the processing of the consumer's personal data for purposes of targeted advertising and sale under subdivision 1, paragraph (f), on the consumer's behalf. A consumer may designate an authorized agent by way of, among other things, a technology, including but not limited to an Internet link or a browser setting, browser extension, or global device setting, indicating the consumer's intent to opt out of the processing. A controller shall comply with an opt-out request received from an authorized agent if the controller is able to verify, with commercially reasonable effort, the identity of the consumer and the authorized agent's authority to act on the consumer's behalf.

Subd. 3. Universal opt-out mechanisms. (a) A controller must allow a consumer to opt out of any processing of the consumer's personal data for the purposes of targeted advertising, or any sale of the consumer's personal data through an opt-out preference signal sent, with the consumer's consent, by a platform, technology, or mechanism to the controller indicating the consumer's intent to opt out of the processing or sale. The platform, technology, or mechanism must:

(1) not unfairly disadvantage another controller;

(2) not make use of a default setting, but require the consumer to make an affirmative, freely given, and unambiguous choice to opt out of the processing of the consumer's personal data;

(3) be consumer-friendly and easy to use by the average consumer;

(4) be as consistent as possible with any other similar platform, technology, or mechanism required by any federal or state law or regulation; and

(5) enable the controller to accurately determine whether the consumer is a Minnesota resident and whether the consumer has made a legitimate request to opt out of any sale of the consumer's personal data or targeted advertising. For purposes of this paragraph, the use of an Internet protocol address to estimate the consumer's location is sufficient to determine the consumer's residence.

(b) If a consumer's opt-out request is exercised through the platform, technology, or mechanism required under paragraph (a), and the request conflicts with the consumer's existing controller-specific privacy setting or voluntary participation in a controller's bona fide loyalty, rewards, premium features, discounts, or club card program, the controller must comply with the consumer's opt-out preference signal but may also notify the consumer of the conflict and provide the consumer a choice to confirm the controller-specific privacy setting or participation in the controller's program.

(c) The platform, technology, or mechanism required under paragraph (a) is subject to the requirements of subdivision 4.

(d) A controller that recognizes opt-out preference signals that have been approved by other state laws or regulations is in compliance with this subdivision.

Subd. 4. Controller response to consumer requests. (a) Except as provided in this chapter, a controller must comply with a request to exercise the rights pursuant to subdivision 1.

(b) A controller must provide one or more secure and reliable means for consumers to submit a request to exercise the consumer's rights under this section. The means made available must take into account the ways in which consumers interact with the controller and the need for secure and reliable communication of the requests.

(c) A controller may not require a consumer to create a new account in order to exercise a right, but a controller may require a consumer to use an existing account to exercise the consumer's rights under this section.

(d) A controller must comply with a request to exercise the right in subdivision 1, paragraph (f), as soon as feasibly possible, but no later than 45 days of receipt of the request.

(e) A controller must inform a consumer of any action taken on a request under subdivision 1 without undue delay and in any event within 45 days of receipt of the request. That period may be extended once by 45 additional days where reasonably necessary, taking into account the complexity and number of the requests. The controller must inform the consumer of any extension within 45 days of receipt of the request, together with the reasons for the delay.

(f) If a controller does not take action on a consumer's request, the controller must inform the consumer without undue delay and at the latest within 45 days of receipt of the request of the reasons for not taking action and instructions for how to appeal the decision with the controller as described in subdivision 5.

(g) Information provided under this section must be provided by the controller free of charge up to twice annually to the consumer. Where requests from a consumer are manifestly unfounded or excessive, in particular because of the repetitive character of the requests, the controller may either charge a reasonable fee to cover the administrative costs of complying with the request, or refuse to act on the request. The controller bears the burden of demonstrating the manifestly unfounded or excessive character of the request.

(h) A controller is not required to comply with a request to exercise any of the rights under subdivision 1, paragraphs (b) to (h), if the controller is unable to authenticate the request using commercially reasonable efforts. In such cases, the controller may request the provision of additional information reasonably necessary to authenticate the request. A controller is not required to authenticate an opt-out request, but a controller may deny an opt-out request if the controller has a good faith, reasonable, and documented belief that the request is fraudulent. If a controller denies an opt-out request because the controller believes a request is fraudulent, the controller must notify the person who made the request that the request was denied due to the controller's belief that the request was fraudulent and state the controller's basis for that belief.

(i) In response to a consumer request under subdivision 1, a controller must not disclose the following information about a consumer, but must instead inform the consumer with sufficient particularity that the controller has collected that type of information:

(1) Social Security number;

(2) driver's license number or other government-issued identification number;

(3) financial account number;

(4) health insurance account number or medical identification number;

(5) account password, security questions, or answers; or

(6) biometric data.

(j) In response to a consumer request under subdivision 1, a controller is not required to reveal any trade secret.

(k) A controller that has obtained personal data about a consumer from a source other than the consumer may comply with a consumer's request to delete the consumer's personal data pursuant to subdivision 1, paragraph (d), by either:

(1) retaining a record of the deletion request, retaining the minimum data necessary for the purpose of ensuring the consumer's personal data remains deleted from the business's records, and not using the retained data for any other purpose pursuant to the provisions of this chapter; or

(2) opting the consumer out of the processing of personal data for any purpose except for the purposes exempted pursuant to the provisions of this chapter.

Subd. 5. Appeal process required. (a) A controller must establish an internal process whereby a consumer may appeal a refusal to take action on a request to exercise any of the rights under subdivision 1 within a reasonable period of time after the consumer's receipt of the notice sent by the controller under subdivision 4, paragraph (f).

(b) The appeal process must be conspicuously available. The process must include the ease of use provisions in subdivision 3 applicable to submitting requests.

(c) Within 45 days of receipt of an appeal, a controller must inform the consumer of any action taken or not taken in response to the appeal, along with a written explanation of the reasons in support thereof. That period may be extended by 60 additional days where reasonably necessary, taking into account the complexity and number of the requests serving as the basis for the appeal. The controller must inform the consumer of any extension within 45 days of receipt of the appeal, together with the reasons for the delay.

(d) When informing a consumer of any action taken or not taken in response to an appeal pursuant to paragraph (c), the controller must provide a written explanation of the reasons for the controller's decision and clearly and prominently provide the consumer with information about how to file a complaint with the Office of the Attorney General. The controller must maintain records of all appeals and the controller's responses for at least 24 months and shall, upon written request by the attorney general as part of an investigation, compile and provide a copy of the records to the attorney general.

Sec. 7. **[3250.06] PROCESSING DEIDENTIFIED DATA OR PSEUDONYMOUS DATA.**

(a) This chapter does not require a controller or processor to do any of the following solely for purposes of complying with this chapter:

(1) reidentify deidentified data;

(2) maintain data in identifiable form, or collect, obtain, retain, or access any data or technology, in order to be capable of associating an authenticated consumer request with personal data; or

(3) comply with an authenticated consumer request to access, correct, delete, or port personal data pursuant to section 3250.05, subdivision 1, if all of the following are true:

(i) the controller is not reasonably capable of associating the request with the personal data, or it would be unreasonably burdensome for the controller to associate the request with the personal data;

(ii) the controller does not use the personal data to recognize or respond to the specific consumer who is the subject of the personal data, or associate the personal data with other personal data about the same specific consumer; and

(iii) the controller does not sell the personal data to any third party or otherwise voluntarily disclose the personal data to any third party other than a processor, except as otherwise permitted in this section.

(b) The rights contained in section 3250.05, subdivision 1, paragraphs (b) to (h), do not apply to pseudonymous data in cases where the controller is able to demonstrate any information necessary to identify the consumer is kept separately and is subject to effective technical and organizational controls that prevent the controller from accessing the information.

(c) A controller that uses pseudonymous data or deidentified data must exercise reasonable oversight to monitor compliance with any contractual commitments to which the pseudonymous data or deidentified data are subject, and must take appropriate steps to address any breaches of contractual commitments.

(d) A processor or third party must not attempt to identify the subjects of deidentified or pseudonymous data without the express authority of the controller that caused the data to be deidentified or pseudonymized.

(e) A controller, processor, or third party must not attempt to identify the subjects of data that has been collected with only pseudonymous identifiers.

Sec. 8. **[3250.07] RESPONSIBILITIES OF CONTROLLERS.**

Subdivision 1. **Transparency obligations.** (a) Controllers must provide consumers with a reasonably accessible, clear, and meaningful privacy notice that includes:

(1) the categories of personal data processed by the controller;

(2) the purposes for which the categories of personal data are processed;

(3) an explanation of the rights contained in section 3250.05 and how and where consumers may exercise those rights, including how a consumer may appeal a controller's action with regard to the consumer's request;

(4) the categories of personal data that the controller sells to or shares with third parties, if any;

(5) the categories of third parties, if any, with whom the controller sells or shares personal data;

(6) the controller's contact information, including an active email address or other online mechanism that the consumer may use to contact the controller;

(7) a description of the controller's retention policies for personal data; and

(8) the date the privacy notice was last updated.

(b) If a controller sells personal data to third parties, processes personal data for targeted advertising, or engages in profiling in furtherance of decisions that produce legal effects concerning a consumer or similarly significant effects concerning a consumer, the controller must disclose the processing in the privacy notice and provide access to a clear and conspicuous method outside the privacy notice for a consumer to opt out of the sale, processing, or profiling in furtherance of decisions that produce legal effects concerning a consumer or similarly significant effects concerning a consumer. This method may include but is not limited to an Internet hyperlink clearly labeled "Your Opt-Out Rights" or "Your Privacy Rights" that directly effectuates the opt-out request or takes consumers to a web page where the consumer can make the opt-out request.

(c) The privacy notice must be made available to the public in each language in which the controller provides a product or service that is subject to the privacy notice or carries out activities related to the product or service.

(d) The controller must provide the privacy notice in a manner that is reasonably accessible to and usable by individuals with disabilities.

(e) Whenever a controller makes a material change to the controller's privacy notice or practices, the controller must notify consumers affected by the material change with respect to any prospectively collected personal data and provide a reasonable opportunity for consumers to withdraw consent to any further materially different collection, processing, or transfer of previously collected personal data under the changed policy. The controller shall take all reasonable electronic measures to provide notification regarding material changes to affected consumers, taking into account available technology and the nature of the relationship.

(f) A controller is not required to provide a separate Minnesota-specific privacy notice or section of a privacy notice if the controller's general privacy notice contains all the information required by this section.

(g) The privacy notice must be posted online through a conspicuous hyperlink using the word "privacy" on the controller's website home page or on a mobile application's app store page or download page. A controller that maintains an application on a mobile or other device shall also include a hyperlink to the privacy notice in the

application's settings menu or in a similarly conspicuous and accessible location. A controller that does not operate a website shall make the privacy notice conspicuously available to consumers through a medium regularly used by the controller to interact with consumers, including but not limited to mail.

Subd. 2. **Use of data.** (a) A controller must limit the collection of personal data to what is adequate, relevant, and reasonably necessary in relation to the purposes for which the data are processed, which must be disclosed to the consumer.

(b) Except as provided in this chapter, a controller may not process personal data for purposes that are not reasonably necessary to, or compatible with, the purposes for which the personal data are processed, as disclosed to the consumer, unless the controller obtains the consumer's consent.

(c) A controller shall establish, implement, and maintain reasonable administrative, technical, and physical data security practices to protect the confidentiality, integrity, and accessibility of personal data, including the maintenance of an inventory of the data that must be managed to exercise these responsibilities. The data security practices shall be appropriate to the volume and nature of the personal data at issue.

(d) Except as otherwise provided in this act, a controller may not process sensitive data concerning a consumer without obtaining the consumer's consent, or, in the case of the processing of personal data concerning a known child, without obtaining consent from the child's parent or lawful guardian, in accordance with the requirement of the Children's Online Privacy Protection Act, United States Code, title 15, sections 6501 to 6506, and its implementing regulations, rules, and exemptions.

(e) A controller shall provide an effective mechanism for a consumer, or, in the case of the processing of personal data concerning a known child, the child's parent or lawful guardian, to revoke previously given consent under this subdivision. The mechanism provided shall be at least as easy as the mechanism by which the consent was previously given. Upon revocation of consent, a controller shall cease to process the applicable data as soon as practicable, but not later than 15 days after the receipt of such request.

(f) A controller may not process the personal data of a consumer for purposes of targeted advertising, or sell the consumer's personal data, without the consumer's consent, under circumstances where the controller knows that the consumer is between the ages of 13 and 16.

(g) A controller may not retain personal data that is no longer relevant and reasonably necessary in relation to the purposes for which the data were collected and processed, unless retention of the data is otherwise required by law or permitted under section 325O.09.

Subd. 3. **Nondiscrimination.** (a) A controller shall not process personal data on the basis of a consumer's or a class of consumers' actual or perceived race, color, ethnicity, religion, national origin, sex, gender, gender identity, sexual orientation, familial status, lawful source of income, or disability in a manner that unlawfully discriminates against the consumer or class of consumers with respect to the offering or provision of: housing, employment, credit, or education; or the goods, services, facilities, privileges, advantages, or accommodations of any place of public accommodation.

(b) A controller may not discriminate against a consumer for exercising any of the rights contained in this chapter, including denying goods or services to the consumer, charging different prices or rates for goods or services, and providing a different level of quality of goods and services to the consumer. This subdivision does not: (1) require a controller to provide a good or service that requires the consumer's personal data that the controller does not collect or maintain; or (2) prohibit a controller from offering a different price, rate, level, quality, or selection of goods or services to a consumer, including offering goods or services for no fee, if the offering is in connection with a consumer's voluntary participation in a bona fide loyalty, rewards, premium features, discounts, or club card program.

(c) A controller may not sell personal data to a third-party controller as part of a bona fide loyalty, rewards, premium features, discounts, or club card program under paragraph (b) unless:

(1) the sale is reasonably necessary to enable the third party to provide a benefit to which the consumer is entitled;

(2) the sale of personal data to third parties is clearly disclosed in the terms of the program; and

(3) the third party uses the personal data only for purposes of facilitating a benefit to which the consumer is entitled and does not retain or otherwise use or disclose the personal data for any other purpose.

Subd. 4. **Waiver of rights unenforceable.** Any provision of a contract or agreement of any kind that purports to waive or limit in any way a consumer's rights under this chapter is contrary to public policy and is void and unenforceable.

Sec. 9. **[3250.075] REQUIREMENTS FOR SMALL BUSINESSES.**

(a) A small business, as defined by the United States Small Business Administration under Code of Federal Regulations, title 13, part 121, that conducts business in Minnesota or produces products or services that are targeted to residents of Minnesota, must not sell a consumer's sensitive data without the consumer's prior consent.

(b) Penalties and attorney general enforcement procedures under section 3250.10 apply to a small business that violates this section.

Sec. 10. **[3250.08] DATA PRIVACY POLICIES AND DATA PRIVACY AND PROTECTION ASSESSMENTS.**

(a) A controller must document and maintain a description of the policies and procedures the controller has adopted to comply with this chapter. The description must include, where applicable:

(1) the name and contact information for the controller's chief privacy officer or other individual with primary responsibility for directing the policies and procedures implemented to comply with the provisions of this chapter; and

(2) a description of the controller's data privacy policies and procedures which reflect the requirements in section 3250.07, and any policies and procedures designed to:

(i) reflect the requirements of this chapter in the design of the controller's systems;

(ii) identify and provide personal data to a consumer as required by this chapter;

(iii) establish, implement, and maintain reasonable administrative, technical, and physical data security practices to protect the confidentiality, integrity, and accessibility of personal data, including the maintenance of an inventory of the data that must be managed to exercise the responsibilities under this item;

(iv) limit the collection of personal data to what is adequate, relevant, and reasonably necessary in relation to the purposes for which the data are processed;

(v) prevent the retention of personal data that is no longer relevant and reasonably necessary in relation to the purposes for which the data were collected and processed, unless retention of the data is otherwise required by law or permitted under section 3250.09; and

(vi) identify and remediate violations of this chapter.

(b) A controller must conduct and document a data privacy and protection assessment for each of the following processing activities involving personal data:

(1) the processing of personal data for purposes of targeted advertising;

(2) the sale of personal data;

(3) the processing of sensitive data;

(4) any processing activities involving personal data that present a heightened risk of harm to consumers; and

(5) the processing of personal data for purposes of profiling, where the profiling presents a reasonably foreseeable risk of:

(i) unfair or deceptive treatment of, or disparate impact on, consumers;

(ii) financial, physical, or reputational injury to consumers;

(iii) a physical or other intrusion upon the solitude or seclusion, or the private affairs or concerns, of consumers, where the intrusion would be offensive to a reasonable person; or

(iv) other substantial injury to consumers.

(c) A data privacy and protection assessment must take into account the type of personal data to be processed by the controller, including the extent to which the personal data are sensitive data, and the context in which the personal data are to be processed.

(d) A data privacy and protection assessment must identify and weigh the benefits that may flow directly and indirectly from the processing to the controller, consumer, other stakeholders, and the public against the potential risks to the rights of the consumer associated with the processing, as mitigated by safeguards that can be employed by the controller to reduce the potential risks. The use of deidentified data and the reasonable expectations of consumers, as well as the context of the processing and the relationship between the controller and the consumer whose personal data will be processed, must be factored into this assessment by the controller.

(e) A data privacy and protection assessment must include the description of policies and procedures required by paragraph (a).

(f) As part of a civil investigative demand, the attorney general may request, in writing, that a controller disclose any data privacy and protection assessment that is relevant to an investigation conducted by the attorney general. The controller must make a data privacy and protection assessment available to the attorney general upon a request made under this paragraph. The attorney general may evaluate the data privacy and protection assessments for compliance with this chapter. Data privacy and protection assessments are classified as nonpublic data, as defined by section 13.02, subdivision 9. The disclosure of a data privacy and protection assessment pursuant to a request from the attorney general under this paragraph does not constitute a waiver of the attorney-client privilege or work product protection with respect to the assessment and any information contained in the assessment.

(g) Data privacy and protection assessments or risk assessments conducted by a controller for the purpose of compliance with other laws or regulations may qualify under this section if the assessments have a similar scope and effect.

(h) A single data protection assessment may address multiple sets of comparable processing operations that include similar activities.

Sec. 11. **[3250.09] LIMITATIONS AND APPLICABILITY.**

(a) The obligations imposed on controllers or processors under this chapter do not restrict a controller's or a processor's ability to:

(1) comply with federal, state, or local laws, rules, or regulations, including but not limited to data retention requirements in state or federal law notwithstanding a consumer's request to delete personal data;

(2) comply with a civil, criminal, or regulatory inquiry, investigation, subpoena, or summons by federal, state, local, or other governmental authorities;

(3) cooperate with law enforcement agencies concerning conduct or activity that the controller or processor reasonably and in good faith believes may violate federal, state, or local laws, rules, or regulations;

(4) investigate, establish, exercise, prepare for, or defend legal claims;

(5) provide a product or service specifically requested by a consumer; perform a contract to which the consumer is a party, including fulfilling the terms of a written warranty; or take steps at the request of the consumer prior to entering into a contract;

(6) take immediate steps to protect an interest that is essential for the life or physical safety of the consumer or of another natural person, and where the processing cannot be manifestly based on another legal basis;

(7) prevent, detect, protect against, or respond to security incidents, identity theft, fraud, harassment, malicious or deceptive activities, or any illegal activity; preserve the integrity or security of systems; or investigate, report, or prosecute those responsible for any such action;

(8) assist another controller, processor, or third party with any of the obligations under this paragraph;

(9) engage in public or peer-reviewed scientific, historical, or statistical research in the public interest that adheres to all other applicable ethics and privacy laws and is approved, monitored, and governed by an institutional review board, human subjects research ethics review board, or a similar independent oversight entity that has determined:

(i) the research is likely to provide substantial benefits that do not exclusively accrue to the controller;

(ii) the expected benefits of the research outweigh the privacy risks; and

(iii) the controller has implemented reasonable safeguards to mitigate privacy risks associated with research, including any risks associated with reidentification; or

(10) process personal data for the benefit of the public in the areas of public health, community health, or population health, but only to the extent that the processing is:

(i) subject to suitable and specific measures to safeguard the rights of the consumer whose personal data is being processed; and

(ii) under the responsibility of a professional individual who is subject to confidentiality obligations under federal, state, or local law.

(b) The obligations imposed on controllers or processors under this chapter do not restrict a controller's or processor's ability to collect, use, or retain data to:

(1) effectuate a product recall or identify and repair technical errors that impair existing or intended functionality;

(2) perform internal operations that are reasonably aligned with the expectations of the consumer based on the consumer's existing relationship with the controller, or are otherwise compatible with processing in furtherance of the provision of a product or service specifically requested by a consumer or the performance of a contract to which the consumer is a party; or

(3) conduct internal research to develop, improve, or repair products, services, or technology.

(c) The obligations imposed on controllers or processors under this chapter do not apply where compliance by the controller or processor with this chapter would violate an evidentiary privilege under Minnesota law and do not prevent a controller or processor from providing personal data concerning a consumer to a person covered by an evidentiary privilege under Minnesota law as part of a privileged communication.

(d) A controller or processor that discloses personal data to a third-party controller or processor in compliance with the requirements of this chapter is not in violation of this chapter if the recipient processes the personal data in violation of this chapter, provided that at the time of disclosing the personal data, the disclosing controller or processor did not have actual knowledge that the recipient intended to commit a violation. A third-party controller or processor receiving personal data from a controller or processor in compliance with the requirements of this chapter is not in violation of this chapter for the obligations of the controller or processor from which the third-party controller or processor receives the personal data.

(e) Obligations imposed on controllers and processors under this chapter shall not:

(1) adversely affect the rights or freedoms of any persons, including exercising the right of free speech pursuant to the First Amendment of the United States Constitution; or

(2) apply to the processing of personal data by a natural person in the course of a purely personal or household activity.

(f) Personal data that are processed by a controller pursuant to this section may be processed solely to the extent that the processing is:

(1) necessary, reasonable, and proportionate to the purposes listed in this section;

(2) adequate, relevant, and limited to what is necessary in relation to the specific purpose or purposes listed in this section; and

(3) insofar as possible, taking into account the nature and purpose of processing the personal data, subjected to reasonable administrative, technical, and physical measures to protect the confidentiality, integrity, and accessibility of the personal data, and to reduce reasonably foreseeable risks of harm to consumers.

(g) If a controller processes personal data pursuant to an exemption in this section, the controller bears the burden of demonstrating that the processing qualifies for the exemption and complies with the requirements in paragraph (f).

(h) Processing personal data solely for the purposes expressly identified in paragraph (a), clauses (1) to (7), does not, by itself, make an entity a controller with respect to the processing.

Sec. 12. **[3250.10] ATTORNEY GENERAL ENFORCEMENT.**

(a) In the event that a controller or processor violates this chapter, the attorney general, prior to filing an enforcement action under paragraph (b), must provide the controller or processor with a warning letter identifying the specific provisions of this chapter the attorney general alleges have been or are being violated. If, after 30 days of issuance of the warning letter, the attorney general believes the controller or processor has failed to cure any alleged violation, the attorney general may bring an enforcement action under paragraph (b). This paragraph expires January 31, 2026.

(b) The attorney general may bring a civil action against a controller or processor to enforce a provision of this chapter in accordance with section 8.31. If the state prevails in an action to enforce this chapter, the state may, in addition to penalties provided by paragraph (c) or other remedies provided by law, be allowed an amount determined by the court to be the reasonable value of all or part of the state's litigation expenses incurred.

(c) Any controller or processor that violates this chapter is subject to an injunction and liable for a civil penalty of not more than \$7,500 for each violation.

(d) Nothing in this chapter establishes a private right of action, including under section 8.31, subdivision 3a, for a violation of this chapter or any other law.

Sec. 13. **[3250.11] PREEMPTION OF LOCAL LAW; SEVERABILITY.**

(a) This chapter supersedes and preempts laws, ordinances, regulations, or the equivalent adopted by any local government regarding the processing of personal data by controllers or processors.

(b) If any provision of this chapter or the chapter's application to any person or circumstance is held invalid, the remainder of the chapter or the application of the provision to other persons or circumstances is not affected.

Sec. 14. **EFFECTIVE DATE.**

This article is effective July 31, 2025, except that postsecondary institutions regulated by the Office of Higher Education are not required to comply with this article until July 31, 2029."

Delete the title and insert:

"A bill for an act relating to commerce; modifying fees assessed by the Department of Commerce; modifying appropriations to the Office of Cannabis Management; modifying provisions governing cannabis and health responsibilities; modifying insurance assessments and fees; giving various rights to consumers regarding personal data; placing obligations on certain businesses regarding consumer data; providing for enforcement by the attorney general; requiring reports; making technical changes; amending Minnesota Statutes 2022, sections 45.0135, subdivision 7; 62Q.73, subdivision 3; Minnesota Statutes 2023 Supplement, sections 144.197; 342.15, by adding a subdivision; 342.72; Laws 2023, chapter 63, article 9, sections 10; 19; 20; proposing coding for new law in Minnesota Statutes, chapter 13; proposing coding for new law as Minnesota Statutes, chapter 3250."

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

The report was adopted.

Pelowski from the Committee on Higher Education Finance and Policy to which was referred:

H. F. No. 5299, A bill for an act relating to higher education; providing for funding and related policy changes to certain licensure and grant provisions; establishing fees; appropriating money; amending Minnesota Statutes 2022, sections 136A.69, subdivision 1; 136A.824, subdivisions 1, 2; Laws 2022, chapter 42, section 2.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2022, section 136A.29, subdivision 9, is amended to read:

Subd. 9. **Revenue bonds; limit.** The authority is authorized and empowered to issue revenue bonds whose aggregate principal amount at any time shall not exceed ~~\$1,300,000,000~~ \$2,000,000,000 and to issue notes, bond anticipation notes, and revenue refunding bonds of the authority under the provisions of sections 136A.25 to 136A.42, to provide funds for acquiring, constructing, reconstructing, enlarging, remodeling, renovating, improving, furnishing, or equipping one or more projects or parts thereof.

Sec. 2. Minnesota Statutes 2022, section 136A.69, subdivision 1, is amended to read:

Subdivision 1. **Registration fees.** (a) The office shall collect reasonable registration fees that are sufficient to recover, but do not exceed, its costs of administering the registration program. The office shall charge the fees listed in paragraphs (b) ~~and (c)~~ to (d) for new registrations.

(b) A new school offering no more than one degree at each level during its first year must pay registration fees for each applicable level in the following amounts:

associate degree	\$2,000
baccalaureate degree	\$2,500
master's degree	\$3,000
doctorate degree	\$3,500

(c) A new school that will offer more than one degree per level during its first year must pay registration fees in an amount equal to the fee for the first degree at each degree level under paragraph (b), plus fees for each additional nondegree program or degree as follows:

nondegree program	\$250
additional associate degree	\$250
additional baccalaureate degree	\$500
additional master's degree	\$750
additional doctorate degree	\$1,000

(d) In addition to the fees under paragraphs (b) and (c), a fee of \$600 must be paid for an initial application that: (1) has had four revisions, corrections, amendment requests, or application reminders for the same application or registration requirement; or (2) cumulatively has had six revisions, corrections, amendment requests, or application reminders for the same license application and the school seeks to continue with the application process with additional application submissions. If this fee is paid, the school may submit two final application submissions for review prior to application denial under section 136A.65, subdivision 8. This provision excludes from its scope any initial process or interpretation questions or inquiries, initiated by the school, that do not necessitate substantial staff effort to review amendments or corrections, or when the office requests initial verification or validation of a completed application.

~~(d)~~ (e) The annual renewal registration fee is \$1,500.

(f) In addition to the fee under paragraph (e), a fee of \$600 must be paid for a renewal application that: (1) has had four revisions, corrections, amendment requests, or application reminders for the same application or registration requirement; or (2) cumulatively has had six revisions, corrections, amendment requests, or application reminders for the same license application and the school seeks to continue with the application process with additional application submissions. If this fee is paid, the school may submit two final application submissions for review prior to application denial under section 136A.65, subdivision 8. This provision excludes from its scope any initial process or interpretation questions or inquiries, initiated by the school, that do not necessitate substantial staff effort to review amendments or corrections, or when the office requests initial verification or validation of a completed application.

Sec. 3. Minnesota Statutes 2022, section 136A.824, subdivision 1, is amended to read:

Subdivision 1. **Initial licensure fee.** (a) The office processing fee for an initial licensure application is:

(1) \$2,500 for a private career school that will offer no more than one program during its first year of operation;

(2) \$750 for a private career school licensed exclusively due to the use of the term "college," "university," "academy," or "institute" in its name, or licensed exclusively in order to participate in state grant or SELF loan financial aid programs; and

(3) \$2,500, plus \$500 for each additional program offered by the private career school, for a private career school during its first year of operation.

(b) In addition to the fee under paragraph (a), a fee of \$600 must be paid for an initial application that: (1) has had four revisions, corrections, amendment requests, or application reminders for the same application or licensure requirement; or (2) cumulatively has had six revisions, corrections, amendment requests, or application reminders for the same license application and the private career school seeks to continue with the application process with additional application submissions. If this fee is paid, the private career school may submit two final application submissions for review prior to application denial under section 136A.829, subdivision 1, clause (2). This provision excludes from its scope any initial process or interpretation questions or inquiries, initiated by the school, that do not necessitate substantial staff effort to review amendments or corrections, or when the office requests initial verification or validation of a completed application.

Sec. 4. Minnesota Statutes 2022, section 136A.824, subdivision 2, is amended to read:

Subd. 2. **Renewal licensure fee; late fee.** (a) The office processing fee for a renewal licensure application is:

(1) for a private career school that offers one program, the license renewal fee is \$1,150;

(2) for a private career school that offers more than one program, the license renewal fee is \$1,150, plus \$200 for each additional program with a maximum renewal licensing fee of \$2,000;

(3) for a private career school licensed exclusively due to the use of the term "college," "university," "academy," or "institute" in its name, the license renewal fee is \$750; and

(4) for a private career school licensed by another state agency and also licensed with the office exclusively in order to participate in state student aid programs, the license renewal fee is \$750.

(b) If a license renewal application is not received by the office by the close of business at least 60 days before the expiration of the current license, a late fee of \$100 per business day, not to exceed \$3,000, shall be assessed.

(c) In addition to the fee under paragraph (a), a fee of \$600 must be paid for a renewal application that: (1) has had four revisions, corrections, amendment requests, or application reminders for the same application or licensure requirement; or (2) cumulatively has had six revisions, corrections, amendment requests, or application reminders for the same license application and the private career school seeks to continue with the application process with additional application submissions. If this fee is paid, the private career school may submit two final application submissions for review prior to application denial under section 136A.829, subdivision 1, clause (2). This provision excludes from its scope any initial process or interpretation questions or inquiries, initiated by the school, that do not necessitate substantial staff effort to review amendments or corrections, or when the office requests initial verification or validation of a completed application.

Sec. 5. Laws 2022, chapter 42, section 2, is amended to read:

Sec. 2. APPROPRIATION; ALS RESEARCH.

(a) ~~\$20,000,000~~ \$396,000 in fiscal year 2023 is appropriated from the general fund to the commissioner of the Office of Higher Education to award competitive grants to applicants for research into amyotrophic lateral sclerosis (ALS). The commissioner may work with the Minnesota Department of Health to administer the grant program, including identifying clinical and translational research and innovations, developing outcomes and objectives with the goal of bettering the lives of individuals with ALS and finding a cure for the disease, and application review and grant recipient selection. Not more than \$400,000 may be used by the commissioner to administer the grant program. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, unencumbered balances under this section do not cancel until June 30, 2026.

(b) \$19,604,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of the Office of Higher Education to award competitive grants to applicants for research into amyotrophic lateral sclerosis (ALS). The commissioner may work with the Minnesota Department of Health to administer the grant program, including identifying clinical and translational research and innovations, developing outcomes and objectives with the goal of bettering the lives of individuals with ALS and finding a cure for the disease, and application review and grant recipient selection. Up to \$15,000,000 may be used by the commissioner for grants to the Amyotrophic Lateral Sclerosis Association, Never Surrender, or other similar organizations to award and administer a competitive grant to applicants for research into ALS under this section. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, unencumbered balances under this section do not cancel until June 30, 2029.

~~(b)~~ (c) Grants shall be awarded to support clinical and translational research related to ALS. Research topics may include but are not limited to environmental factors, disease mechanisms, disease models, biomarkers, drug development, clinical studies, precision medicine, medical devices, assistive technology, and cognitive studies.

~~(e)~~ (d) Eligible applicants for the grants are research facilities, universities, and health systems located in Minnesota. Applicants must submit proposals to the commissioner in the time, form, and manner established by the commissioner. Applicants may coordinate research endeavors and submit a joint application. When reviewing the proposals, the commissioner shall make an effort to avoid approving a grant for an applicant whose research is duplicative of an existing grantee's research.

~~(d)~~ (e) Beginning January 15, 2023, and annually thereafter until January 15, ~~2027~~ 2030, the commissioner shall submit a report to the legislature specifying the applicants receiving grants under this section, the amount of each grant, the purposes for which the grant funds were used, and the amount of the appropriation that is unexpended. The report must also include relevant findings, results, and outcomes of the grant program, and any other information which the commissioner deems significant or useful.

~~(e) This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, unencumbered balances under this section do not cancel until June 30, 2026.~~

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

Sec. 6. Laws 2023, chapter 41, article 1, section 2, subdivision 36, is amended to read:

Subd. 36. Fostering Independence Higher Education Grants	4,247,000	4,416,000 <u>9,456,000</u>
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\$4,247,000 the first year and ~~\$4,416,000~~ \$9,456,000 the second year are for grants to eligible students under Minnesota Statutes, section 136A.1241. The Office of Higher Education may use no more than three percent of the appropriation to administer grants. The base for this appropriation is \$4,416,000 for fiscal year 2026 and thereafter.

Sec. 7. Laws 2023, chapter 41, article 1, section 2, subdivision 49, as amended by Laws 2024, chapter 85, section 111, is amended to read:

Subd. 49. North Star Promise	-0-	117,226,000 <u>112,186,000</u>
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~~\$117,226,000~~ \$112,186,000 the second year is transferred from the general fund to the account in the special revenue fund under Minnesota Statutes, section 136A.1465, subdivision 8. The base for the transfer is \$49,500,000 in fiscal year 2026 and thereafter.

Sec. 8. **APPROPRIATION; KIDS ON CAMPUS INITIATIVE.**

\$500,000 in fiscal year 2025 is appropriated from the general fund to the Board of Trustees of the Minnesota State Colleges and Universities to participate in the Kids on Campus initiative with the National Head Start Association and the Association of Community College Trustees. This appropriation may be used for a temporary statewide project coordinator, stipends to campuses and Head Start centers where letters of intent to officially form a partnership have been signed, engaging with local Head Start programs, and other costs associated with creating campus Head Start partnerships. Stipends shall be used to support the formation of parenting student advisory panels to gather perspective and feedback on proposed partnerships. The duties of the temporary statewide project coordinator include assessing the feasibility of partnerships between Minnesota State Colleges and Universities campuses and Head Start programs across the state, consulting with the Minnesota Head Start Association and existing Head Start partnership programs to develop best practices, working with campus-based navigators for parenting students to provide resources for financial aid and basic needs support to Head Start programs, and developing strategies to grow the early childhood care and education workforce through partnerships between Head Start programs and early childhood degree and certificate programs. This is a onetime appropriation and is available until June 30, 2026. By June 30, 2026, the temporary statewide project coordinator must report to the chairs and ranking minority members of the legislative committees with primary jurisdiction over higher education policy and finance on the outcomes of the Kids on Campus initiative in Minnesota, including an account of how the appropriated funds were spent and the status of prospective on-campus Head Start partnerships or programs."

Amend the title as follows:

Page 1, line 3, after "certain" insert "bonding," and after "licensure" insert a comma

Correct the title numbers accordingly

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

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 4984 and 5274 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. No. 3204 was read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Baker introduced:

H. F. No. 5405, A bill for an act relating to taxation; individual income and corporate franchise; providing a subtraction from income for certain commercial loans issued by financial institutions; amending Minnesota Statutes 2022, sections 290.0132, by adding a subdivision; 290.0134, by adding a subdivision.

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

Nelson, M., introduced:

H. F. No. 5406, A bill for an act relating to capital investment; appropriating money for the Brooklyn Park community activity center; authorizing the sale and issuance of state bonds; amending Laws 2023, chapter 71, article 1, section 14, subdivision 10, as amended.

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

Joy, Murphy, Perryman, Bakeberg, Wiener, Witte, Davis and Bliss introduced:

H. F. No. 5407, A bill for an act relating to taxation; individual income; providing a subtraction of income from certain retirement plans; amending Minnesota Statutes 2022, section 290.0132, by adding a subdivision.

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

McDonald and Gillman introduced:

H. F. No. 5408, A bill for an act relating to capital investment; appropriating money for rehabilitation of the Salisbury Bridge; authorizing the sale and issuance of state bonds.

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

Niska, Scott, Robbins, Altendorf, Dotseth, Myers, Engen, Wiens, Bennett, Lawrence, Hudson, Davis and Joy introduced:

H. F. No. 5409, A bill for an act relating to consumer protection; requiring age verification for websites with material harmful to minors; providing for enforcement by the attorney general; creating a private right of action; proposing coding for new law in Minnesota Statutes, chapter 325F.

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

Dotseth, Huot and Backer introduced:

H. F. No. 5410, A bill for an act relating to taxation; fire protection and emergency medical services special taxing districts; establishing a local government aid program; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 477A.

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

Robbins introduced:

H. F. No. 5411, A bill for an act relating to public safety; expanding driver's license suspensions to include all cases where a person is believed to have committed criminal vehicular homicide or criminal vehicular operation; establishing driving in excess of certain speeds as an element in criminal vehicular homicide and criminal vehicular operation offenses; requiring peace officers to report all cases where a person is believed to have committed criminal vehicular homicide or criminal vehicular operation; amending Minnesota Statutes 2022, sections 171.187, subdivisions 1, 3; 629.344; Minnesota Statutes 2023 Supplement, sections 609.2112, subdivision 1; 609.2113, subdivisions 1, 2, 3; 609.2114, subdivisions 1, 2.

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

Robbins introduced:

H. F. No. 5412, A bill for an act relating to public safety; expanding driver's license suspensions to include all cases where a person is believed to have committed criminal vehicular homicide or criminal vehicular operation; requiring peace officers to report all cases where a person is believed to have committed criminal vehicular homicide or criminal vehicular operation; amending Minnesota Statutes 2022, sections 171.187, subdivisions 1, 3; 629.344.

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

Mueller introduced:

H. F. No. 5413, A bill for an act relating to capital investment; appropriating money for a public safety facility for Mower County sheriff's office, city of Austin police department, and a dispatch center; authorizing the sale and issuance of state bonds.

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

Keeler introduced:

H. F. No. 5414, A bill for an act relating to capital investment; appropriating money for a youth transitional housing facility in Clay County; authorizing the sale and issuance of state bonds.

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

Long 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 Her.

CALENDAR FOR THE DAY

S. F. No. 4579 was reported to the House.

Hollins moved to amend S. F. No. 4579, the third engrossment, as follows:

Delete everything after the enacting clause and insert the following language of H. F. No. 4558, the second engrossment:

"Section 1. Minnesota Statutes 2022, section 216B.022, is amended to read:

216B.022 SUBMETERING.

Subdivision 1. Definitions. (a) For the purposes of this section and sections 216B.023 and 216B.024, the following terms have the meanings given.

(b) "Landlord" has the meaning given in section 504B.001, subdivision 7. Landlord includes a third-party billing agent.

(c) "Nonresidential building" means a building that is not a residential building.

(d) "Shared-metered residential building" means a residential building with multiple separate living units where the building's utility service is measured by fewer meters than there are separate living units. Shared-metered residential building does not include a manufactured home park.

(e) "Submeter" means a meter that is owned by a landlord and installed by the landlord or by a third-party billing agent or other agent and that measures utility service consumed solely within an individual living unit in the shared-metered residential building.

(f) "Tenant" means a person who is occupying a living unit in a residential building under a lease or contract, whether oral or written, that requires the payment of money or exchange of services, and all other regular occupants of that unit.

(g) "Third-party billing agent" means a person or entity other than the property owner that performs one or more utility management services at a shared-metered residential building on behalf of a landlord that include but are not limited to installing submeters, reading submeters, or handling utility billing and collections.

(h) "Utility provider" means a public utility, a municipal utility, or a cooperative electric association providing utility service.

(i) "Utility service" means natural gas and electricity.

Subd. 2. Submetering in shared-metered residential buildings. (a) A landlord who has installed submeters in a shared-metered residential building is subject to the commission's authority under this chapter.

(b) On or after January 1, 2025, all submeters installed by a landlord to measure utility service must meet standards established by the American National Standards Institute.

(c) All submeters, regardless of when they were installed, must accurately measure utility service.

Subd. 3. Submetering in nonresidential buildings. Nothing in this chapter grants the commission or a public utility the authority to limit the availability of submetering to a nonresidential building occupant when the building is served by a public utility's master meter which measures the total electric energy delivered to the building.

Subd. 4. Inaccurate submeters. (a) If a tenant notifies the landlord in writing that the tenant suspects the submeter is incorrectly registering the tenant's utility service and includes an explanation for the suspicion, the landlord must promptly initiate an investigation to determine whether the submeter is inaccurate. If the submeter is found to be inaccurate, the landlord must either repair or replace the submeter or inform the tenant in writing why no corrective action is believed necessary.

(b) If the inaccurate submeter has resulted in an overcharge, the landlord must promptly refund the difference between what the tenant paid and what the tenant would have paid if the submeter correctly registered the tenant's utility service.

(c) If the inaccurate submeter has resulted in an undercharge, the landlord may bill the tenant the difference between what the tenant paid and what the tenant would have paid if the submeter correctly registered the tenant's utility service for a period not exceeding the previous six months. Any undercharge the landlord seeks to collect must be recovered in accordance with section 216B.023, subdivision 8.

(d) If a tenant has notified the landlord that the tenant suspects the tenant's submeter is incorrectly registering the tenant's utility service, as provided in paragraph (a), and the landlord has failed within a reasonable time to check the submeter and provide the tenant with the results of a meter test showing the submeter is accurate, the landlord is prohibited from recovering from the tenant any undercharge for the period between the date of the tenant's notification and the date the submeter was checked.

Subd. 5. Submeter fees. (a) A landlord is prohibited from charging to or collecting from tenants any administrative, capital, or any other expenses associated with the installation, maintenance, repair, replacement, or reading of submeters, unless the expense is due to the tenant's willful, malicious, or negligent conduct.

(b) A landlord may provide an administrative billing fee as provided in section 504B.216, subdivision 8.

Sec. 2. [216B.023] BILLING; CONSUMER PROTECTIONS.

Subdivision 1. Billing. (a) Where utility service is submetered, bills for utility service provided by landlords to tenants must be based on actual submeter readings. Where natural gas service is apportioned, billing for the service must comply with section 504B.216, subdivisions 5 and 6.

(b) Landlords are prohibited from billing tenants who are submetered or whose natural gas service is apportioned less frequently than the landlord is billed by the utility. Landlords must include in the lease or, if there is no written lease, provide a written statement at the outset of the lease term, notification of when utility bills will be issued.

(c) Bills rendered by landlords to tenants for submetered utility service must include, at a minimum, the following information:

(1) the present and last preceding submeter readings;

(2) the date of the present reading;

(3) the rate or rates, including peak and off-peak rates, at which the utility service is being billed, the amount of the service billed at each separate rate, and the rate at which the landlord is being billed by the utility provider for the utility service;

(4) any administrative charge charged in accordance with subdivision 4;

(5) the tenant's portion of taxes and surcharges;

(6) if any, the portion of any bill credit the landlord received from the utility provider that is apportioned to the tenant;

(7) the total amount of the bill; and

(8) the date by which payment is due; the date after which, if the bill is not paid, a late payment charge may be imposed; and the amount of the charge, if any.

(d) Bills for utility service rendered by landlords who apportion natural gas service must:

(1) describe the formula used to apportion the service, as provided in section 504B.216, subdivision 6;

(2) if any, the portion of any portion of a bill credit the landlord received from the utility provider that is apportioned to the tenant;

(3) identify what portion of the bill the landlord received from the utility provider that is for common areas that is not being apportioned among tenants;

(4) include any administrative charge charged in accordance with subdivision 8; and

(5) the date by which payment is due; the date after which, if the bill is not paid, a late payment charge will be imposed; and the amount of the charge, if any.

Subd. 2. **Separate billing for electricity.** (a) A landlord who bills a tenant separately from rent for electricity may not apportion electricity usage and must comply with this section, section 216B.022, and applicable subdivisions of 504B.216, and is subject to section 216B.024.

(b) A landlord who submeters electricity must:

(1) charge only for the electricity used in the tenant's unit, calculated by multiplying the kilowatt-hours used during the billing period as measured by the submeter by the rate charged by the utility provider as shown on the bill issued to the landlord by the provider. A landlord may not charge any tenant for electricity consumed in common areas or in spaces used exclusively or primarily by the landlord;

(2) charge a tenant only for the tenant's pro rata share of the fixed meter or service charge, calculated by dividing the charge as shown on the bill issued to the landlord by the utility provider equally among the number of units in the building; and

(3) charge a tenant only for the tenant's pro rata share of the taxes, surcharges, and flat fees by dividing the sum of those charges as shown on the bill issued to the landlord by the provider equally among the number of units in the building.

(c) A landlord must deduct from a tenant's total bill the tenant's pro rata share of any bill credits or adjustments received by the landlord on the bill from the utility provider by dividing the credit or adjustment equally among the number of units in the building.

Subd. 3. **Separate billing for natural gas.** A landlord who bills tenants separately from rent for natural gas may either install submeters or apportion natural gas. A landlord who submeters natural gas usage must comply with this section, section 216B.022, and applicable subdivisions of 504B.216, and is subject to section 216B.024. A landlord who apportions natural gas usage must comply with subdivisions 4, 5, 6, 7, and 8 of this section, and applicable subdivisions of 504B.216, and is subject to section 216B.024.

Subd. 4. **Administrative billing charges.** A landlord who bills separately from rent for utility service separately may charge a tenant an administrative billing fee, as provided in section 504B.216, subdivision 8. No other fees may be charged to or collected from tenants for utility service, except as provided in section 216B.022, subdivision 5.

Subd. 5. **Billing errors.** (a) If a billing error occurs that has resulted in an overcharge, the landlord must promptly refund the difference between what the tenant paid and what the tenant would have paid but for the error.

(b) If a billing error has occurred that has resulted in an undercharge, the landlord may bill the tenant for the difference between what the tenant paid and what the tenant would have paid but for the billing error for a period not exceeding six months. Any undercharge must be recovered in accordance with subdivision 8.

Subd. 6. **Late payment charges.** A landlord may impose one late payment fee per billing period if a tenant's utility bill payment is not received by the landlord by the next scheduled billing date. The late fee may not be added to subsequent bills on which subsequent late fees are imposed. The amount of the late charge may not exceed one and one-half percent per billing period on the delinquent amount.

Subd. 7. **Payment plans.** A landlord must offer a payment plan for the payment of utility service arrears. Payment plans must be consistent with the tenant's financial circumstances and any extenuating circumstances of the household.

Subd. 8. **Undercharges.** A landlord must offer a payment plan to tenants who have been undercharged if no culpable conduct by the tenant or member of the tenant's household caused the undercharge. The plan must cover a period equal to the time over which the undercharge occurred or a different time period that is mutually agreeable to the tenant and the landlord. The plan must be consistent with the financial circumstances and any extenuating circumstances. No interest or delinquency fee may be charged as part of a payment plan under this subdivision.

Sec. 3. **[216B.024] SHARED-METERED RESIDENTIAL BUILDINGS; DISPUTE RESOLUTION.**

A tenant disputing a bill or claiming a violation of section 216B.022 or 216B.023 must first attempt to resolve the dispute or claim with the landlord. If the tenant disagrees with the landlord's proposed resolution, the landlord must notify the tenant of the tenant's right to file a complaint with the commission and provide the phone number and email address of the commission's consumer affairs office. The consumer affairs office must follow the procedures set forth in section 216B.172, subdivision 2, and Minnesota Rules, part 7829.3200, and the procedures under section 216B.72, subdivisions 3 and 4, apply.

Sec. 4. Minnesota Statutes 2022, section 216B.098, subdivision 6, is amended to read:

Subd. 6. **Commission authority.** (a) In addition to any other authority, the commission has the authority to resolve customer complaints against a public utility, as defined in section 216B.02, subdivision 4, or a landlord in a shared-metered building, whether or not the complaint involves a violation of this chapter. The commission may delegate this authority to commission staff as it deems appropriate.

(b) The commission has the authority to levy a fine as provided under section 216B.57 for a violation of section 216B.022, 216B.023, or 216B.024 with respect to complaints filed by tenants under section 216B.023, subdivision 7. Nothing in this chapter limits the right of a tenant to seek or obtain judicial remedies.

Sec. 5. Minnesota Statutes 2023 Supplement, section 216B.172, subdivision 1, is amended to read:

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

(b) "Appeal" means a request a complainant files with the commission to review and make a final decision regarding the resolution of the complainant's complaint by the consumer affairs office.

(c) "Complainant" means an individual residential customer or tenant who files with the consumer affairs office a complaint against a public utility or a landlord of a shared-metered residential building.

(d) "Complaint" means an allegation submitted to the consumer affairs office by a complainant that a public utility's or landlord's action or practice regarding billing or terms and conditions of service:

- (1) violates a statute, rule, tariff, service contract, or other provision of law;
- (2) is unreasonable; or
- (3) has harmed or, if not addressed, harms a complainant.

Complaint does not include an objection to or a request to modify any natural gas or electricity rate contained in a tariff that has been approved by the commission. A complaint under this section is an informal complaint under Minnesota Rules, chapter 7829.

(e) "Consumer affairs office" means the staff unit of the commission that is organized to receive and respond to complaints.

(f) "Informal proceeding" has the meaning given in Minnesota Rules, part 7829.0100, subpart 8.

(g) "Landlord" has the meaning given in section 216B.022, subdivision 1.

~~(g)~~ (h) "Public assistance" has the meaning given in section 550.37, subdivision 14.

~~(h)~~ (i) "Public utility" has the meaning given in section 216B.02, subdivision 4.

(j) "Shared-metered residential building" has the meaning given in section 216B.022, subdivision 1.

(k) "Tenant" has the meaning given in section 216B.022, subdivision 1.

(l) "Third-party billing agent" has the meaning given in section 216B.022, subdivision 1.

Sec. 6. Minnesota Statutes 2023 Supplement, section 216B.172, subdivision 2, is amended to read:

Subd. 2. **Complaint resolution procedure.** A complainant must first attempt to resolve a dispute with a public utility or a landlord. If dissatisfied with the proposed resolution by the public utility or the landlord, the complainant may seek assistance of the commission to resolve the matter by filing a complaint with the consumer affairs office. The consumer affairs office must: (1) notify the complainant of the resolution of the complaint; and (2) provide written notice of (i) the complainant's right to appeal the resolution to the commission, and (ii) the steps the complainant may take to appeal the resolution. Upon request, the consumer affairs office must provide to the complainant a written notice containing the substance of and basis for the resolution. Nothing in this section affects any other rights existing under this chapter or other law.

Sec. 7. **[504B.216] UTILITY SERVICE IN SHARED-METERED RESIDENTIAL BUILDINGS.**

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

(b) "Commission" means the Public Utilities Commission.

(c) "Landlord" has the meaning given in section 504B.001, subdivision 7. For the purposes of this section, landlord includes a third-party billing agent.

(d) "Shared-metered residential building" means a building with multiple separate living units where the building's utility service is measured by fewer meters than there are separate living units. Shared-metered residential building does not include a manufactured home park.

(e) "Submeter" means a meter that is owned by a landlord and installed by the landlord or by a third-party billing agent or other agent and that measures utility service consumed solely within an individual living unit in the shared-metered residential building.

(f) "Third-party billing agent" has the meaning given in section 216B.022, subdivision 1.

(g) "Utility provider" means a public utility, a municipal utility, a cooperative electric association, or a local municipal water company providing utility service.

(h) "Utility service" means natural gas, electricity, or water and sewer.

Subd. 2. Landlord is bill payer and customer of record. (a) The landlord of a shared-metered residential building must be the bill payer responsible and must be the customer of record contracting with a utility provider for utility service. The landlord must advise the utility provider that the utility services apply to a shared-metered residential building.

(b) A landlord is prohibited from removing a directly metered tenant from the tenant's existing utility account or requesting that a utility remove the tenant from the tenant's existing utility account.

(c) This subdivision may not be waived by contract or otherwise.

Subd. 3. Submetering of electricity or natural gas. A landlord who is authorized to submeter natural gas or electricity must comply with this section and sections 216B.022 and 216B.023, and is subject to section 216B.024.

Subd. 4. Submetering of water. (a) On or after January 1, 2025, any submeters installed by a landlord to measure water and sewer usage must comply with standards established by the local municipal water company for meters the company uses to measure water and sewer service provided to the company's customers.

(b) A landlord who submeters water must:

(1) bill tenants according to the provisions of section 216B.023, subdivision 1, paragraphs (a) to (c);

(2) charge tenants according to the provisions of section 216B.023, subdivision 2, paragraphs (a) to (c); and

(3) comply with sections 216B.022, subdivision 4, and 216B.023, subdivisions 5, 6, 7, and 8.

Subd. 5. Apportionment generally. (a) Apportionment of electricity is prohibited.

(b) A landlord who apportions natural gas or water and sewer, or both, must include in the lease a provision that, upon a tenant's request, the landlord must provide a copy of the actual natural gas water or sewer utility bill for the building along with each apportioned water or sewer utility bill. Upon a tenant's request, a landlord must also provide past copies of water or sewer utility bills for any period of the tenancy for which the tenant received an apportioned utility bill.

Subd. 6. **Apportionment of natural gas.** A landlord may apportion natural gas used only in the tenant's unit and may apportion fixed meter or services charges and taxes only according to the formula set forth in clauses (1) to (4) and as agreed to by the landlord and tenant in the lease or a written agreement:

(1) a tenant's apportioned natural gas usage must be based solely on the square footage in the tenant's unit. A landlord may not charge any tenant for natural gas consumed in common areas or in spaces used exclusively or primarily by the landlord;

(2) if there is a fixed meter or service charge on the bill the landlord receives from the utility provider, the landlord may apportion to the tenant only the tenant's pro rata share of that charge, calculated by dividing the charge as shown on the bill issued to the landlord by the utility provider equally among the number of units in the building;

(3) the landlord may charge a tenant only for the tenant's pro rata share of the taxes, surcharges, and flat fees by dividing the sum of those charges as shown on the bill issued to the landlord by the provider equally among the number of units in the building; and

(4) the landlord must deduct from a tenant's total bill the tenant's pro rata share of any bill credits or adjustments received by the landlord on the bill from the utility provider by dividing the credit or adjustment equally among the number of units in the building.

Subd. 7. **Apportionment of water and sewer.** A landlord may apportion water used only in the tenant's unit and may apportion fixed meter or services charges, fixed sewer charges, and taxes only according to the formula set forth in clauses (1) to (4) and as agreed to by the landlord and tenant in the lease or a written agreement:

(1) a tenant's apportioned water usage must be based solely on a combination of square footage in the tenant's unit and the unit's occupancy. A landlord may not charge any tenant for water usage in common areas, for maintenance of the property, for amenities including but not limited to laundry facilities and pools, or in spaces used exclusively or primarily by the landlord;

(2) if there is a fixed meter or service charge on the bill the landlord receives from the utility provider, the landlord may apportion to the tenant only the tenant's pro rata share of that charge, calculated by dividing the charge as shown on the bill issued to the landlord by the utility provider equally among the number of units in the building;

(3) the landlord may charge a tenant only for the tenant's pro rata share of the taxes, surcharges, and flat fees by dividing the sum of those charges as shown on the bill issued to the landlord by the provider equally among the number of units in the building; and

(4) the landlord must deduct from a tenant's total bill the tenant's pro rata share of any bill credits or adjustments received by the landlord on the bill from the utility provider by dividing the credit or adjustment equally among the number of units in the building.

Subd. 8. **Administrative billing charge.** (a) A landlord who bills separately from rent for any utility service may charge a tenant a single administrative billing fee for all the utilities that are separately billed that does not exceed \$8.

(b) No other fees may be charged to or collected from tenants for utility service, including but not limited to any administrative, capital, or any other expenses associated with the installation, maintenance, repair, replacement, or reading of submeters, unless the expense involving a submeter is due to the tenant's willful, malicious, or negligent conduct.

Subd. 9. **Disconnection of utility service prohibited.** (a) Disconnection of a tenant's utility service by a landlord for the failure to pay utility service charges is prohibited. Nothing in this subdivision prohibits a public utility, a municipal utility, or a cooperative electric association from disconnecting service to a landlord's single meter as otherwise allowed by law.

(b) If a landlord asserts a tenant owes rent and utilities, sums paid by the tenant to the landlord must first be applied to unpaid rent.

(c) Tenant payments toward rent may not be designated as payments toward utility service and tenant utility service payments may not be designated as rent. A landlord may bring a claim for breach of lease under section 504B.285, subdivision 4, for the failure of a tenant to pay for utilities billed separately from rent as allowed under this section, except for the failure to pay for utilities is material or warrants entry of a writ of recovery or other eviction remedy.

(d) Notwithstanding paragraph (c):

(1) a landlord may not bring a claim for breach unless the landlord has offered an eligible tenant and the tenant has defaulted on a payment agreement to pay amounts owed for utility charges, as required under section 216B.023, subdivision 7;

(2) an eviction action may not be filed and any eviction already filed must be stayed for the failure to pay utility service charges:

(i) during the cold weather period;

(ii) during a heat emergency; and

(iii) if the tenant notifies the landlord or the court that the tenant or a member of the tenant's household is experiencing a medical emergency or where medical equipment requiring electricity necessary to sustain life is in use and certification of the emergency is provided to the landlord or the court by a licensed medical health care professional within three days of notification to the landlord or the court; and

(3) the tenant may, at any time before possession has been delivered, cure the breach by bringing to court the amount of the utility charges that are in arrears, with an additional charge as provided under section 216B.023, subdivision 7.

(e) If the failure to pay utility charges occurs during the cold weather period or in the event of a medical emergency or where medical equipment requiring electricity necessary to sustain life is in use, a landlord must follow the procedures set forth in section 216B.023, subdivision 7.

(f) For the purposes of this subdivision:

(1) "cold weather period" has the meaning given in section 216B.096, subdivision 2;

(2) "disconnection" includes installation of a service or load limiter or any device that limits or interrupts utility service in any way; and

(3) "heat emergency" means any period when an excessive heat watch, heat advisory, or excessive heat warning issued by the National Weather Service is in effect.

Subd. 10. Landlord is bill payer and customer of record. (a) The landlord of a shared-metered residential building must be the bill payer responsible and must be the customer of record contracting with a utility provider for utility service. The landlord must advise the utility provider that the utility services apply to a shared-metered residential building.

(b) A landlord is prohibited from removing a directly metered tenant from the tenant's existing utility account or requesting that a utility remove the tenant from the tenant's existing utility account.

(c) This subdivision may not be waived by contract or otherwise.

Subd. 11. Procedure where landlord defaults on payments to the utility. (a) A utility provider supplying natural gas, electricity, or water, or another company supplying home heating oil or propane, to a building who issues a final notice proposing to disconnect or discontinue the service to the building because a landlord who has contracted for the service has failed to pay for it or because a landlord is required by law or contract to pay for the service and fails to do so must provide notice to the residents of the impending disconnection by posting in the building. The posting must be placed in at least one conspicuous location in or on the building and provide tenants with, at a minimum, the following information:

(1) the date the service will be discontinued;

(2) the telephone number to call at the utility to obtain further information;

(3) a brief description of the rights of tenants under this section to continue or restore service; and

(4) advice to consider seeking assistance from legal aid, a private attorney, or a housing organization in exercising the rights of tenants under Minnesota law to maintain their utility service.

A tenant or group of tenants may pay to have the service continued or reconnected as provided under this section. Before paying for the service, the tenant or group of tenants shall give oral or written notice to the landlord of the tenant's intention to pay after 48 hours, or a shorter period that is reasonable under the circumstances, if the landlord has not already paid for the service. In the case of oral notification, written notice shall be mailed or delivered to the landlord within 24 hours after oral notice is given.

(b) In the case of natural gas or electricity, if the landlord has not paid the bill by the time of the tenant's intended payment or if the service remains discontinued, the tenant or tenants may pay the current charges for the most recent billing period and the utility company or municipality must restore the service for at least one billing period. In a residential building with less than five units, one of the tenants may notify the utility company or municipality that the tenant agrees to become the bill payer responsible and customer of record and the utility company or municipality must place the account disconnected or subject to disconnection in the tenant's name and provide service prospectively, provided the tenant satisfies all requirements for establishing service. A tenant becoming the customer of record of a cooperative electric association does not acquire membership rights. Exercise of the right to pay the current charges for the most recent billing period does not preclude exercising the right to become the bill payer responsible and customer of record, provided that if there are multiple tenants in an affected multifamily building, the utility company or municipality is not required to offer the right to become the bill payer responsible and the customer of record to more than one tenant in a 12-month period.

(c) In the case of water, if the landlord has not paid the bill by the time of the tenant's intended payment or if the service remains discontinued, upon request from a tenant a municipality must provide a copy of each bill the landlord fails to pay. The tenant:

(1) has a continuing right to pay the current charges for the most recent billing period and retain service;

(2) has the period of time provided by the governing ordinance, policy, or practice within which to pay the charges;

(3) is not subject to any deposit requirements; and

(4) is entitled to reasonable notice of any disconnection.

This paragraph does not require a municipality to alter its accounting system or billing records if the tenant exercises the right to pay current charges and retain water service. If there are multiple tenants in an affected property, the municipality is not required to offer the right to pay current charges and retain service to more than one tenant in a 12-month period.

(d) For purposes of this subdivision, "current charges" does not include arrears or late payment fees incurred by the landlord.

(e) In a shared-metered residential building, other residential tenants in the building may contribute payments to the utility company or municipality on the account of the tenant who is the customer of record under paragraph (b) or on the landlord's account under paragraph (c).

(f) A landlord who satisfies all requirements for reestablishing service, including paying, or entering into an agreement acceptable to the utility company or municipality to pay, all arrears and other lawful charges incurred by the landlord on the account that was placed in the tenant's name, may reestablish service in the landlord's name.

(g) This section does not restrict or prohibit a municipal utility provider from exercising its authority pursuant to section 444.075, subdivisions 3 and 3e, to make contracts with and impose utility charges against property owners and to certify unpaid charges to the county auditor with taxes against the property served for collection as a tax.

(h) In the case of home heating oil or propane, if the landlord has not yet paid the bill by the time of the tenant's intended payment, or if the service remains discontinued, the tenant or tenants may order and pay for one month's supply of the proper grade and quality of oil or propane.

(i) After submitting documentation to the landlord of the tenant's payment to the utility company or municipality, a tenant may deduct the amount of the tenant's payment to the utility company or municipality from the rental payment next paid to the landlord. Any amount paid to the municipality, utility company, or other company by a tenant under this subdivision is considered payment of rent to the landlord for purposes of section 504B.291.

Subd. 12. Limitations; waiver prohibited; rights as additional. The tenant rights under this section:

(1) do not extend to conditions caused by the willful, malicious, or negligent conduct of the tenant or of a person under the tenant's direction or control;

(2) may not be waived or modified; and

(3) are in addition to and do not limit other rights that may be available to the tenant in law or equity, including the right to damages and the right to restoration of possession of the premises under section 504B.291.

Subd. 13. Additional requirement. By September 30 of each year, a landlord of a shared-metered residential building who bills for gas and electric utility charges separate from rent must inform tenants in writing of the possible availability of energy assistance from the low-income home energy assistance program. The information must contain the toll-free telephone number of the administering agency.

Subd. 14. **Violations.** A violation of subdivisions 2 to 8 is a violation of sections 504B.161 and 504B.221.

Subd. 15. **Attorney general authority.** The attorney general has authority under section 8.31 to investigate and prosecute violations of this section.

Sec. 8. Minnesota Statutes 2022, section 504B.285, subdivision 4, is amended to read:

Subd. 4. **Nonlimitation of landlord's rights.** (a) Nothing contained in subdivisions 2 and 3 limits the right of the landlord pursuant to the provisions of subdivision 1 to terminate a tenancy for a violation by the tenant of a lawful, material provision of a lease or contract, whether written or oral, or to hold the tenant liable for damage to the premises caused by the tenant or a person acting under the tenant's direction or control.

(b) If landlord takes an action to terminate a tenancy for failure to pay for utility services in a shared-metered building, the court:

(1) if the tenant has filed a complaint involving utility service with the Public Utilities Commission under section 216B.024, must stay the action until the commission has made a final determination and may not require the defendant to pay any amount of money into court, post a bond, make a payment directly to a landlord, or by any other means post security for any purpose prior to final disposition of the complaint pursuant to section 216B.172, subdivisions 3 and 4. The procedures described in clauses (2) and (3) regarding payment of money into court or to the landlord or posting a bond or security apply to any subsequent action taken under this subdivision;

(2) if the tenant has not filed a complaint involving utility service with the Public Utilities Commission under section 216B.024, and the tenant meets the requirements for a fee waiver, may not require the tenant to post any amount of money into court, post a bond, make a payment directly to a landlord, or by any other means post security for utility charges; and

(3) if the tenant has not filed a complaint involving utility service with the Public Utilities Commission under section 216B.024, and the tenant does not meet the requirements to proceed in forma pauperis, may, in its discretion, require the tenant to pay an amount of money or post security as it deems appropriate for prospective utility charges only.

(c) A court may not require a tenant to post rent as a condition of a tenant asserting an affirmative claim or defense, or a counterclaim related to landlord utility billings or practices.

Sec. 9. **REPEALER.**

Minnesota Statutes 2022, section 504B.215, is repealed.

Sec. 10. **EFFECTIVE DATE.**

(a) Sections 1 to 6, 8, and 9 are effective January 1, 2025.

(b) Section 7 is effective January 1, 2025, for leases entered into or renewed on or after that date."

The motion prevailed and the amendment was adopted.

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

S. F. No. 4579, A bill for an act relating to energy; providing for and regulating shared-metered utility service in residential buildings; amending Minnesota Statutes 2022, sections 216B.022; 216B.098, subdivision 6; 504B.285, subdivision 4; Minnesota Statutes 2023 Supplement, section 216B.172, subdivisions 1, 2; proposing coding for new law in Minnesota Statutes, chapters 216B; 504B; repealing Minnesota Statutes 2022, section 504B.215.

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 82 yeas and 44 nays as follows:

Those who voted in the affirmative were:

Acomb	Daniels	Hemmingsen-Jaeger	Kotyza-Witthuhn	Newton	Skraba
Agbaje	Davids	Her	Kozlowski	Niska	Smith
Anderson, P. E.	Edelson	Hicks	Kraft	Noor	Tabke
Bahner	Elkins	Hill	Lee, F.	Norris	Urdahl
Baker	Feist	Hollins	Lee, K.	Olson, L.	Vang
Becker-Finn	Fischer	Hornstein	Liebling	Pelowski	Virmig
Berg	Frazier	Howard	Lillie	Pérez-Vega	West
Bierman	Frederick	Huot	Lislegard	Petersburg	Wiens
Brand	Freiberg	Hussein	Long	Pinto	Wolgamott
Carroll	Garofalo	Johnson	Moller	Pryor	Xiong
Cha	Gomez	Jordan	Myers	Pursell	Youakim
Clardy	Hansen, R.	Keeler	Nadeau	Rarick	Spk. Hortman
Coulter	Hanson, J.	Klevorn	Nash	Reyer	
Curran	Hassan	Koegel	Nelson, M.	Sencer-Mura	

Those who voted in the negative were:

Altendorf	Engen	Igo	Mekeland	Perryman	Torkelson
Anderson, P. H.	Fogelman	Jacob	Mueller	Pfarr	Wiener
Backer	Franson	Joy	Murphy	Quam	Witte
Bakeberg	Gillman	Kiel	Nelson, N.	Robbins	Zeleznikar
Burkel	Grossell	Knudsen	Neu Brindley	Schomacker	
Davis	Harder	Koznick	Novotny	Schultz	
Demuth	Heintzeman	Kresha	O'Driscoll	Scott	
Dotseth	Hudella	Lawrence	Olson, B.	Swedzinski	

The bill was passed, as amended, and its title agreed to.

H. F. No. 4661, A bill for an act relating to workers' compensation; making policy and technical changes to workers' compensation coverage and hearings; modifying provisions related to the Workers' Compensation Court of Appeals; amending Minnesota Statutes 2022, sections 176.011, subdivisions 1a, 2, 18; 176.101, subdivision 1; 176.102, subdivision 13; 176.104, subdivision 1; 176.106, subdivision 4; 176.129, subdivision 10; 176.1292, subdivisions 2, 9; 176.137, subdivisions 2, 5; 176.155, subdivision 2; 176.231, subdivision 9a; 176.238, subdivisions 1, 2, 3, 4, 5, 6, 7, 10; 176.239, subdivisions 2, 3, 4, 5, 9, 10; 176.253, subdivision 2; 176.2611, subdivision 7; 176.271, subdivision 1; 176.275, subdivision 1; 176.285, subdivisions 2, 2a, 2b; 176.305, subdivision 1; 176.321, subdivisions 1, 3; 176.322; 176.341, subdivision 6; 176.361, subdivisions 1, 4; 176.421, subdivision 7; Minnesota Statutes 2023 Supplement, sections 176.081, subdivision 1; 176.101, subdivision 2a; 176.135, subdivision 7; 176.155, subdivision 1; 176.239, subdivisions 6, 7.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Acomb	Davis	Heintzeman	Kotyza-Witthuhn	Newton	Scott
Agbaje	Demuth	Hemmingsen-Jaeger	Kozlowski	Niska	Sencer-Mura
Altendorf	Dotseth	Her	Koznick	Noor	Skraba
Anderson, P. E.	Edelson	Hicks	Kraft	Norris	Smith
Anderson, P. H.	Elkins	Hill	Kresha	Novotny	Swedzinski
Backer	Engen	Hollins	Lawrence	O'Driscoll	Tabke
Bahner	Feist	Hornstein	Lee, F.	Olson, B.	Torkelson
Bakeberg	Fischer	Howard	Lee, K.	Olson, L.	Urdahl
Baker	Fogelman	Hudella	Liebling	Pelowski	Vang
Becker-Finn	Franson	Hudson	Lillie	Pérez-Vega	Virnig
Bennett	Frazier	Huot	Lislegard	Perryman	West
Berg	Frederick	Hussein	Long	Petersburg	Wiener
Bierman	Freiberg	Igo	Mekeland	Pfarr	Wiens
Brand	Garfalo	Jacob	Moller	Pinto	Witte
Burkel	Gillman	Johnson	Mueller	Pryor	Wolgamott
Carroll	Gomez	Jordan	Murphy	Pursell	Xiong
Cha	Greenman	Joy	Myers	Quam	Youakim
Clardy	Grossell	Keeler	Nadeau	Rarick	Zeleznikar
Coulter	Hansen, R.	Kiel	Nash	Reyer	Spk. Hortman
Curran	Hanson, J.	Klevorn	Nelson, M.	Robbins	
Daniels	Harder	Knudsen	Nelson, N.	Schomacker	
Davids	Hassan	Koegel	Neu Brindley	Schultz	

The bill was passed and its title agreed to.

H. F. No. 3800 was reported to the House.

Norris moved to amend H. F. No. 3800, the first engrossment, as follows:

Page 1, after line 6, insert:

"ARTICLE 1
MINNESOTA COOPERATIVE HOUSING ACT"

Page 1, line 11, delete "or governed by chapter 515B"

Page 1, line 13, delete everything after "cooperatives"

Page 1, line 14, delete everything before the period

Page 1, delete subdivision 2

Renumber the subdivisions in sequence

Page 1, after line 20, insert:

"Subd. 4. **Chapter 515B prevails.** In the event of a conflict between this chapter and chapter 515B, chapter 515B shall control."

Page 2, line 10, delete "of Organization" and before "of" insert "means the articles of organization"

Page 2, line 13, delete "[or another state]" and insert "or another state"

Page 8, line 15, delete "\$....." and insert "\$35."

Page 11, line 8, delete "the" and insert "each"

Page 12, line 22, delete the comma and insert "or"

Page 12, line 23, delete ", or 515B" and delete "by terminating"

Page 12, line 24, delete everything before "by"

Page 12, delete lines 27 to 29

Page 12, line 30, delete "(c)" and insert "(b)"

Page 13, line 5, delete the comma and insert "or" and delete ", or" and insert "that is converting to be subject to this chapter"

Page 13, line 6, delete "515B"

Page 13, line 7, delete everything after "(1)"

Page 13, delete line 8

Page 13, line 9, delete "(i)"

Page 13, line 10, delete "(A)" and insert "(i)"

Page 13, line 11, delete "(B)" and insert "(ii)"

Page 13, line 13, delete "(C)" and insert "(iii)"

Page 13, line 16, delete "(ii)" and insert "(2)"

Page 13, line 17, delete "; and" and insert a period

Page 13, delete lines 18 to 23

Page 13, line 24, delete everything after "effective"

Page 13, line 25, delete "terminated"

Page 13, line 28, delete the comma and insert "or" and delete ", or 515B"

Page 14, line 2, delete "chapter" and insert "chapters" and delete the comma and insert "and" and delete ", or 515B"

Page 14, lines 5 and 6, delete the comma and insert "and" and delete ", and 515B"

Page 14, line 10, delete the third comma and insert "and" and delete the third comma

Page 14, line 11, delete "and 515B."

Page 37, line 22, after "members" insert "of the"

Page 41, line 30, before "condition" insert "financial"

Page 43, line 22, delete everything after "members" and insert a period

Page 55, line 16, delete "member's" and insert "member"

Page 72, line 30, before "before" insert "for a nonoccupant membership interest"

Page 72, line 31, before the period, insert "for a nonoccupant membership interest"

Page 72, line 32, after "new contribution" insert "for a nonoccupant membership interest"

Page 90, after line 31, insert:

"Sec. 91. **EFFECTIVE DATE.**

This article is effective August 1, 2025."

Page 90, after line 31, insert:

"ARTICLE 2
CROSS-REFERENCE UPDATES

Section 1. Minnesota Statutes 2022, section 116J.395, subdivision 3, is amended to read:

Subd. 3. **Eligible applicants.** Eligible applicants for grants awarded under this section include:

- (1) an incorporated business or a partnership;
- (2) a political subdivision;
- (3) an Indian tribe;
- (4) a Minnesota nonprofit organization organized under chapter 317A;
- (5) a Minnesota cooperative association organized under chapter 308A ~~or~~, 308B, or 308C; or
- (6) a Minnesota limited liability corporation organized under chapter 322C, to expand broadband access.

Sec. 2. Minnesota Statutes 2022, section 273.11, subdivision 8, is amended to read:

Subd. 8. **Limited equity cooperative apartments.** For the purposes of this subdivision, the terms defined in this subdivision have the meanings given them.

A "limited equity cooperative" is a corporation organized under chapter 308A ~~or~~, 308B, or 308C, which has as its primary purpose the provision of housing and related services to its members which meets one of the following criteria with respect to the income of its members: (1) a minimum of 75 percent of members must have incomes at or less than 90 percent of area median income, (2) a minimum of 40 percent of members must have incomes at or less than 60 percent of area median income, or (3) a minimum of 20 percent of members must have incomes at or less than 50 percent of area median income. For purposes of this clause, "member income" shall mean the income of a member existing at the time the member acquires cooperative membership, and median income shall mean the St. Paul-Minneapolis metropolitan area median income as determined by the United States Department of Housing and Urban Development. It must also meet the following requirements:

(a) The articles of incorporation set the sale price of occupancy entitling cooperative shares or memberships at no more than a transfer value determined as provided in the articles. That value may not exceed the sum of the following:

(1) the consideration paid for the membership or shares by the first occupant of the unit, as shown in the records of the corporation;

(2) the fair market value, as shown in the records of the corporation, of any improvements to the real property that were installed at the sole expense of the member with the prior approval of the board of directors;

(3) accumulated interest, or an inflation allowance not to exceed the greater of a ten percent annual noncompounded increase on the consideration paid for the membership or share by the first occupant of the unit, or the amount that would have been paid on that consideration if interest had been paid on it at the rate of the percentage increase in the revised Consumer Price Index for All Urban Consumers for the Minneapolis-St. Paul metropolitan area prepared by the United States Department of Labor, provided that the amount determined pursuant to this clause may not exceed \$500 for each year or fraction of a year the membership or share was owned; plus

(4) real property capital contributions shown in the records of the corporation to have been paid by the transferor member and previous holders of the same membership, or of separate memberships that had entitled occupancy to the unit of the member involved. These contributions include contributions to a corporate reserve account the use of which is restricted to real property improvements or acquisitions, contributions to the corporation which are used for real property improvements or acquisitions, and the amount of principal amortized by the corporation on its indebtedness due to the financing of real property acquisition or improvement or the averaging of principal paid by the corporation over the term of its real property-related indebtedness.

(b) The articles of incorporation require that the board of directors limit the purchase price of stock or membership interests for new member-occupants or resident shareholders to an amount which does not exceed the transfer value for the membership or stock as defined in clause (a).

(c) The articles of incorporation require that the total distribution out of capital to a member shall not exceed that transfer value.

(d) The articles of incorporation require that upon liquidation of the corporation any assets remaining after retirement of corporate debts and distribution to members will be conveyed to a charitable organization described in section 501(c)(3) of the Internal Revenue Code or a public agency.

A "limited equity cooperative apartment" is a dwelling unit owned by a limited equity cooperative.

"Occupancy entitling cooperative share or membership" is the ownership interest in a cooperative organization which entitles the holder to an exclusive right to occupy a dwelling unit owned or leased by the cooperative.

For purposes of taxation, the assessor shall value a unit owned by a limited equity cooperative at the lesser of its market value or the value determined by capitalizing the net operating income of a comparable apartment operated on a rental basis at the capitalization rate used in valuing comparable buildings that are not limited equity cooperatives. If a cooperative fails to operate in accordance with the provisions of clauses (a) to (d), the property shall be subject to additional property taxes in the amount of the difference between the taxes determined in accordance with this subdivision for the last ten years that the property had been assessed pursuant to this subdivision and the amount that would have been paid if the provisions of this subdivision had not applied to it. The additional taxes, plus interest at the rate specified in section 549.09, shall be extended against the property on the tax list for the current year.

Sec. 3. Minnesota Statutes 2022, section 273.124, subdivision 3, is amended to read:

Subd. 3. **Cooperatives and charitable corporations; homestead and other property.** (a) When property is owned by a corporation or association organized under chapter 308A ~~or~~, 308B, or 308C, and each person who owns a share or shares in the corporation or association is entitled to occupy a building on the property, or a unit within a building on the property, the corporation or association may claim homestead treatment for each dwelling, or for each unit in the case of a building containing several dwelling units, or for the part of the value of the building occupied by a shareholder. Each building or unit must be designated by legal description or number. The net tax capacity of each building or unit that qualifies for assessment as a homestead under this subdivision must include not more than one-half acre of land, if platted, nor more than 80 acres if unplatted. The net tax capacity of the property is the sum of the net tax capacities of each of the respective buildings or units comprising the property, including the net tax capacity of each unit's or building's proportionate share of the land and any common buildings. To qualify for the treatment provided by this subdivision, the corporation or association must be wholly owned by persons having a right to occupy a building or unit owned by the corporation or association. A charitable corporation organized under the laws of Minnesota and not otherwise exempt thereunder with no outstanding stock qualifies for homestead treatment with respect to member residents of the dwelling units who have purchased and hold residential participation warrants entitling them to occupy the units.

(b) To the extent provided in paragraph (a), a cooperative or corporation organized under chapter 308A ~~or~~, 308B, or 308C may obtain separate assessment and valuation, and separate property tax statements for each residential homestead, residential nonhomestead, or for each seasonal residential recreational building or unit not used for commercial purposes. The appropriate classification rates under section 273.13 shall be applicable as if each building or unit were a separate tax parcel; provided, however, that the tax parcel which exists at the time the cooperative or corporation makes application under this subdivision shall be a single parcel for purposes of property taxes or the enforcement and collection thereof, other than as provided in paragraph (a) or this paragraph.

(c) A member of a corporation or association may initially obtain the separate assessment and valuation and separate property tax statements, as provided in paragraph (b), by applying to the assessor by June 30 of the assessment year.

(d) When a building, or dwelling units within a building, no longer qualify under paragraph (a) or (b), the current owner must notify the assessor within 30 days. Failure to notify the assessor within 30 days shall result in the loss of benefits under paragraph (a) or (b) for taxes payable in the year that the failure is discovered. For these purposes, "benefits under paragraph (a) or (b)" means the difference in the net tax capacity of the building or units which no longer qualify as computed under paragraph (a) or (b) and as computed under the otherwise applicable law, times the local tax rate applicable to the building for that taxes payable year. Upon discovery of a failure to notify, the

assessor shall inform the auditor of the difference in net tax capacity for the building or buildings in which units no longer qualify, and the auditor shall calculate the benefits under paragraph (a) or (b). Such amount, plus a penalty equal to 100 percent of that amount, shall then be demanded of the building's owner. The property owner may appeal the county's determination by serving copies of a petition for review with county officials as provided in section 278.01 and filing a proof of service as provided in section 278.01 with the Minnesota Tax Court within 60 days of the date of the notice from the county. The appeal shall be governed by the Tax Court procedures provided in chapter 271, for cases relating to the tax laws as defined in section 271.01, subdivision 5; disregarding sections 273.125, subdivision 5, and 278.03, but including section 278.05, subdivision 2. If the amount of the benefits under paragraph (a) or (b) and penalty are not paid within 60 days, and if no appeal has been filed, the county auditor shall certify the amount of the benefit and penalty to the succeeding year's tax list to be collected as part of the property taxes on the affected property.

Sec. 4. Minnesota Statutes 2022, 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, or 308C, 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, or 308C 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.

Sec. 5. Minnesota Statutes 2023 Supplement, section 273.124, subdivision 6, is amended to read:

Subd. 6. **Leasehold cooperatives.** When one or more dwellings or one or more buildings which each contain several dwelling units is owned by a nonprofit corporation subject to the provisions of chapter 317A and qualifying under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code, or a limited partnership which corporation or partnership operates the property in conjunction with a cooperative association, and has received public financing, homestead treatment may be claimed by the cooperative association on behalf of the members of the cooperative for each dwelling unit occupied by a member of the cooperative. The cooperative association must provide the assessor with the Social Security numbers or individual taxpayer identification numbers of those members. To qualify for the treatment provided by this subdivision, the following conditions must be met:

(a) the cooperative association must be organized under chapter 308A ~~or~~ 308B, or 308C and all voting members of the board of directors must be resident tenants of the cooperative and must be elected by the resident tenants of the cooperative;

(b) the cooperative association must have a lease for occupancy of the property for a term of at least 20 years, which permits the cooperative association, while not in default on the lease, to participate materially in the management of the property, including material participation in establishing budgets, setting rent levels, and hiring and supervising a management agent;

(c) to the extent permitted under state or federal law, the cooperative association must have a right under a written agreement with the owner to purchase the property if the owner proposes to sell it; if the cooperative association does not purchase the property it is offered for sale, the owner may not subsequently sell the property to another purchaser at a price lower than the price at which it was offered for sale to the cooperative association unless the cooperative association approves the sale;

(d) a minimum of 40 percent of the cooperative association's members must have incomes at or less than 60 percent of area median gross income as determined by the United States Secretary of Housing and Urban Development under section 142(d)(2)(B) of the Internal Revenue Code. For purposes of this clause, "member income" means the income of a member existing at the time the member acquires cooperative membership;

(e) if a limited partnership owns the property, it must include as the managing general partner a nonprofit organization operating under the provisions of chapter 317A and qualifying under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code and the limited partnership agreement must provide that the managing general partner have sufficient powers so that it materially participates in the management and control of the limited partnership;

(f) prior to becoming a member of a leasehold cooperative described in this subdivision, a person must have received notice that (1) describes leasehold cooperative property in plain language, including but not limited to the effects of classification under this subdivision on rents, property taxes and tax credits or refunds, and operating expenses, and (2) states that copies of the articles of incorporation and bylaws of the cooperative association, the lease between the owner and the cooperative association, a sample sublease between the cooperative association and a tenant, and, if the owner is a partnership, a copy of the limited partnership agreement, can be obtained upon written request at no charge from the owner, and the owner must send or deliver the materials within seven days after receiving any request;

(g) if a dwelling unit of a building was occupied on the 60th day prior to the date on which the unit became leasehold cooperative property described in this subdivision, the notice described in paragraph (f) must have been sent by first class mail to the occupant of the unit at least 60 days prior to the date on which the unit became leasehold cooperative property. For purposes of the notice under this paragraph, the copies of the documents referred to in paragraph (f) may be in proposed version, provided that any subsequent material alteration of those documents made after the occupant has requested a copy shall be disclosed to any occupant who has requested a copy of the document. Copies of the articles of incorporation and certificate of limited partnership shall be filed with the secretary of state after the expiration of the 60-day period unless the change to leasehold cooperative status does not proceed;

(h) the county attorney of the county in which the property is located must certify to the assessor that the property meets the requirements of this subdivision;

(i) the public financing received must be from at least one of the following sources:

(1) tax increment financing proceeds used for the acquisition or rehabilitation of the building or interest rate write-downs relating to the acquisition of the building;

(2) government issued bonds exempt from taxes under section 103 of the Internal Revenue Code, the proceeds of which are used for the acquisition or rehabilitation of the building;

(3) programs under section 221(d)(3), 202, or 236, of Title II of the National Housing Act;

(4) rental housing program funds under Section 8 of the United States Housing Act of 1937, as amended, or the market rate family graduated payment mortgage program funds administered by the Minnesota Housing Finance Agency that are used for the acquisition or rehabilitation of the building;

(5) low-income housing credit under section 42 of the Internal Revenue Code;

(6) public financing provided by a local government used for the acquisition or rehabilitation of the building, including grants or loans from (i) federal community development block grants; (ii) HOME block grants; or (iii) residential rental bonds issued under chapter 474A; or

(7) other rental housing program funds provided by the Minnesota Housing Finance Agency for the acquisition or rehabilitation of the building;

(j) at the time of the initial request for homestead classification or of any transfer of ownership of the property, the governing body of the municipality in which the property is located must hold a public hearing and make the following findings:

(1) that the granting of the homestead treatment of the apartment's units will facilitate safe, clean, affordable housing for the cooperative members that would otherwise not be available absent the homestead designation;

(2) that the owner has presented information satisfactory to the governing body showing that the savings garnered from the homestead designation of the units will be used to reduce tenant's rents or provide a level of furnishing or maintenance not possible absent the designation; and

(3) that the requirements of paragraphs (b), (d), and (i) have been met.

Homestead treatment must be afforded to units occupied by members of the cooperative association and the units must be assessed as provided in subdivision 3, provided that any unit not so occupied shall be classified and assessed pursuant to the appropriate class. No more than three acres of land may, for assessment purposes, be included with each dwelling unit that qualifies for homestead treatment under this subdivision.

When dwelling units no longer qualify under this subdivision, the current owner must notify the assessor within 60 days. Failure to notify the assessor within 60 days shall result in the loss of benefits under this subdivision for taxes payable in the year that the failure is discovered. For these purposes, "benefits under this subdivision" means the difference in the net tax capacity of the units which no longer qualify as computed under this subdivision and as computed under the otherwise applicable law, times the local tax rate applicable to the building for that taxes payable year. Upon discovery of a failure to notify, the assessor shall inform the auditor of the difference in net tax capacity for the building or buildings in which units no longer qualify, and the auditor shall calculate the benefits under this subdivision. Such amount, plus a penalty equal to 100 percent of that amount, shall then be demanded of the building's owner. The property owner may appeal the county's determination by serving copies of a petition for review with county officials as provided in section 278.01 and filing a proof of service as provided in section 278.01 with the Minnesota Tax Court within 60 days of the date of the notice from the county. The appeal shall be governed by the Tax Court procedures provided in chapter 271, for cases relating to the tax laws as defined in section 271.01, subdivision 5; disregarding sections 273.125, subdivision 5, and 278.03, but including section 278.05, subdivision 2. If the amount of the benefits under this subdivision and penalty are not paid within 60 days, and if no appeal has been filed, the county auditor shall certify the amount of the benefit and penalty to the succeeding year's tax list to be collected as part of the property taxes on the affected buildings.

Sec. 6. Minnesota Statutes 2023 Supplement, section 290.0694, subdivision 1, is amended to read:

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

(b) "Qualified property" means a manufactured home park in Minnesota classified as 4c(5)(i) or 4c(5)(iii) under section 273.13, subdivision 25, paragraph (d).

(c) "Qualified seller" means a taxpayer, as defined under section 290.01, subdivision 6, who sells qualified property to: (1) a corporation or association organized under chapter 308A ~~or~~ 308B, or 308C, where each person who owns a share or shares in the corporation or association would be entitled to occupy a lot within the qualified property after the sale; (2) 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, whose members hold residential participation warrants entitling the members to occupy the units in the manufactured home park; or (3) a nonprofit or a representative acting on behalf of residents, as defined by section 327C.015, subdivision 13, who purchases the property on behalf of residents who intend to form a corporation or association as described in clause (1) or (2).

Sec. 7. Minnesota Statutes 2022, section 290.0922, subdivision 2, is amended to read:

Subd. 2. **Exemptions.** The following entities are exempt from the tax imposed by this section:

- (1) corporations exempt from tax under section 290.05;
- (2) real estate investment trusts;
- (3) regulated investment companies or a fund thereof;
- (4) entities having a valid election in effect under section 860D(b) of the Internal Revenue Code;
- (5) township mutual insurance companies;
- (6) cooperatives organized under chapter 308A ~~or~~ 308B, or 308C that provide housing exclusively to persons age 55 and over and are classified as homesteads under section 273.124, subdivision 3; and
- (7) a qualified business as defined under section 469.310, subdivision 11, if for the taxable year all of its property is located in a job opportunity building zone designated under section 469.314 and all of its payroll is a job opportunity building zone payroll under section 469.310.

Entities not specifically exempted by this subdivision are subject to tax under this section, notwithstanding section 290.05.

Sec. 8. Minnesota Statutes 2023 Supplement, section 290A.03, subdivision 16, is amended to read:

Subd. 16. **Manufactured home.** "Manufactured home" means homesteads that are manufactured homes as defined in section 273.125, subdivision 8, including manufactured homes located in a manufactured home community owned by a cooperative organized under chapter 308A ~~or~~ 308B, or 308C, and park trailers taxed as manufactured homes under section 168.012, subdivision 9.

Sec. 9. Minnesota Statutes 2022, section 327C.095, subdivision 5, is amended to read:

Subd. 5. **Park conversions.** If the planned cessation of operation is for the purpose of converting the part of the park occupied by the resident to a common interest community pursuant to chapter 515B, the provisions of section 515B.4-111, except subsection (a), shall apply. The nine-month notice required by this section shall state that the cessation is for the purpose of conversion and shall set forth the rights conferred by this subdivision and section 515B.4-111, subsection (b). Not less than 120 days before the end of the nine months, the park owner shall serve upon the resident a form of purchase agreement setting forth the terms of sale contemplated by section 515B.4-111, subsection (d). Service of that form shall operate as the notice described by section 515B.4-111, subsection (a). This subdivision does not apply to the conversion of a manufactured home park to a common interest community:

- (1) that is a cooperative incorporated under chapter 308A ~~or~~, 308B, or 308C;
- (2) in which at least 90 percent of the cooperative's members are residents of the park at the time of the conversion; and
- (3) that does not require persons who are residents of the park at the time of the conversion to become members of the cooperative.

Sec. 10. Minnesota Statutes 2023 Supplement, section 462A.38, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** A workforce and affordable homeownership development program is established to award homeownership development grants and loans to cities, counties, Tribal governments, nonprofit organizations, cooperatives created under chapter 308A ~~or~~, 308B, or 308C, and community land trusts created for the purposes outlined in section 462A.31, subdivision 1, for development of workforce and affordable homeownership projects. The purpose of the program is to increase the supply of workforce and affordable, owner-occupied multifamily or single-family housing throughout Minnesota.

Sec. 11. Minnesota Statutes 2022, section 515B.3-101, is amended to read:

515B.3-101 ORGANIZATION OF UNIT OWNERS' ASSOCIATION.

A common interest community shall be administered by an association. The association shall be incorporated no later than the date the common interest community is created. The membership of the association at all times consists exclusively of all unit owners or, following termination of the common interest community, of all former unit owners entitled to distributions of proceeds under section 515B.2-119 or their heirs, successors, or assigns. The association shall be organized as a Minnesota profit or nonprofit corporation, or may, in the case of a cooperative, be organized under chapter 308A ~~or~~, 308B, or 308C. In the event of a conflict between this chapter and any other chapter under which the association is incorporated, this chapter shall control.

Sec. 12. Minnesota Statutes 2022, section 515B.3-103, is amended to read:

515B.3-103 BOARD OF DIRECTORS, OFFICERS AND DECLARANT CONTROL.

(a) An association shall be governed by a board of directors whose appointment or election shall occur no later than the date of creation of the common interest community and shall be reflected in the association's records. Except as expressly prohibited by the declaration, the articles of incorporation, bylaws, subsection (b), or other provisions of this chapter, the board may act in all instances on behalf of the association. In the performance of their duties, the officers and directors are required to exercise (i) if appointed by the declarant, the care required of fiduciaries of the unit owners and (ii) if elected by the unit owners, the care required of a director by section 302A.251, 308B.455, 308C.455, or 317A.251, as applicable. The officers and directors appointed by the declarant

shall have a duty to fulfill, and to cause the association to fulfill, their respective obligations under the declaration, bylaws, articles of incorporation, and this chapter and to enforce the provisions of the declaration, bylaws, articles of incorporation, and this chapter against all unit owners, including the declarant and its affiliates, in a uniform and fair manner. The standards of conduct for officers and directors set forth in this subsection shall also apply to the officers and directors of master associations in the exercise of their duties on behalf of the master association.

(b) The board may not act unilaterally to amend the declaration, to terminate the common interest community, to elect directors to the board, or to determine the qualifications, powers and duties, or terms of office of directors, but the board may fill vacancies in its membership created other than by removal by the vote of the association members for the unexpired portion of any term.

(c) The declaration may provide for a period of declarant control of the association, during which a declarant, or persons designated by the declarant, may appoint and remove the officers and directors of the association. The period of declarant control begins on the date of creation of the common interest community and terminates upon the earliest of the following events: (i) five years after the date of the first conveyance of a unit to a unit owner other than a declarant in the case of a flexible common interest community or three years in the case of any other common interest community, (ii) the declarant's voluntary surrender of control by giving written notice to the unit owners pursuant to section 515B.1-115, or (iii) the conveyance of 75 percent of the units to unit owners other than a declarant.

(d) The board shall cause a meeting of the unit owners to be called, as follows:

(1) If the period of declarant control has terminated pursuant to subsection (c), a meeting of the unit owners shall be called and held within 60 days after said termination, at which the board shall be appointed or elected by all unit owners, including declarant, subject to the requirements of subsection (e).

(2) If 50 percent of the units that a declarant is authorized by the declaration to create have been conveyed prior to the termination of the declarant control period, a meeting of the unit owners shall be called and held within 60 days thereafter, at which not less than 33-1/3 percent of the members of the board shall be elected by unit owners other than a declarant or an affiliate of a declarant.

(3) If the board fails or refuses to cause a meeting of the unit owners required to be called pursuant to subsection (d), then the unit owners other than a declarant and its affiliates may cause the meeting to be called pursuant to the applicable provisions of the law under which the association was created. The declarant and its affiliates shall be deemed to be present at the meeting for purposes of establishing a quorum regardless of their failure to attend the meeting.

(e) Following the termination of any period of declarant control, the unit owners shall appoint or elect the board. All unit owners, including the declarant and its affiliates, may cast the votes allocated to any units owned by them. The board shall thereafter be subject to the following:

(1) Unless otherwise approved by a vote of unit owners other than the declarant or an affiliate of the declarant, a majority of the directors shall be unit owners or a natural person designated by a unit owner that is not a natural person, other than a declarant or an affiliate of a declarant. The remaining directors need not be unit owners unless required by the articles of incorporation or bylaws.

(2) Subject to the requirements of subsection (e)(1), the articles of incorporation or bylaws may authorize the declarant or a person designated by the declarant to appoint one director, who need not be a member. The articles of incorporation or bylaws shall not be amended to change or terminate the authorization to appoint one director without the written consent of the declarant or other person possessing the power to appoint.

(3) Subject to the requirements of subsection (e)(1), the articles of incorporation or bylaws may authorize special classes of directors and director voting rights, as follows: (i) classes of directors, (ii) the appointment or election of directors in certain classes by certain classes of members, or (iii) class voting by classes of directors on issues affecting only a certain class or classes of members, units, or other parcels of real estate, or to otherwise protect the legitimate interest of such class or classes. No person may utilize such special classes or class voting for the purpose of evading any limitation imposed on declarants by this chapter.

(4) The board shall elect the officers. The directors and officers shall take office upon election.

(f) In determining whether the period of declarant control has terminated under subsection (c), or whether unit owners other than a declarant are entitled to elect members of the board of directors under subsection (d), the percentage of the units conveyed shall be calculated using as a numerator the number of units conveyed and as a denominator the number of units subject to the declaration plus the number of units which the declarant is authorized by the declaration to create on any additional real estate. The percentages referred to in subsections (c) and (d) shall be calculated without reference to units that are auxiliary to other units, such as garage units or storage units. A person shall not use a master association or other device to evade the requirements of this section.

(g) Except as otherwise provided in this subsection, meetings of the board of directors must be open to the unit owners. To the extent practicable, the board shall give reasonable notice to the unit owners of the date, time, and place of a board meeting. If the date, time, and place of meetings are provided for in the declaration, articles, or bylaws, announced at a previous meeting of the board, posted in a location accessible to the unit owners and designated by the board from time to time, or if an emergency requires immediate consideration of a matter by the board, notice is not required. "Notice" has the meaning given in section 317A.011, subdivision 14. Meetings may be closed to discuss the following:

(1) personnel matters;

(2) pending or potential litigation, arbitration or other potentially adversarial proceedings, between unit owners, between the board or association and unit owners, or other matters in which any unit owner may have an adversarial interest, if the board determines that closing the meeting is necessary to discuss strategy or to otherwise protect the position of the board or association or the privacy of a unit owner or occupant of a unit; or

(3) criminal activity arising within the common interest community if the board determines that closing the meeting is necessary to protect the privacy of the victim or that opening the meeting would jeopardize investigation of the activity.

Nothing in this subsection imposes a duty on the board to provide special facilities for meetings. The failure to give notice as required by this subsection shall not invalidate the board meeting or any action taken at the meeting. The minutes of any part of a meeting that is closed under this subsection may be kept confidential at the discretion of the board.

Sec. 13. **EFFECTIVE DATE.**

This article is effective August 1, 2025."

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Nadeau moved to amend H. F. No. 3800, the first engrossment, as amended, as follows:

Page 22, line 21, after "pay" insert "liquidated"

Page 24, line 16, delete "unless otherwise"

Page 24, line 17, delete everything before the period

Page 38, after line 15, insert:

"(d) The board may establish a procedure for members to dispute the basis for an alleged violation."

Page 38, line 22, delete "no member shall have the" and insert "a cooperative may limit a member's"

Page 38, line 28, delete everything after "(1)"

Page 38, delete lines 29 and 30

Page 38, line 31, delete "(2)"

Renumber the clauses in sequence

Page 67, line 4, after "A" insert "senior housing"

The motion prevailed and the amendment was adopted.

H. F. No. 3800, A bill for an act relating to cooperatives; providing for the organization and operation of housing cooperatives for seniors, low and moderate income people, limited equity cooperatives and leasing cooperatives for designated members; proposing coding for new law as Minnesota Statutes, chapter 308C.

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 128 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Acomb	Brand	Elkins	Grossell	Hudella	Kotzya-Witthuhn
Agbaje	Burkel	Engen	Hansen, R.	Hudson	Kozlowski
Altendorf	Carroll	Feist	Hanson, J.	Huot	Koznick
Anderson, P. E.	Cha	Fischer	Harder	Hussein	Kraft
Anderson, P. H.	Clardy	Fogelman	Hassan	Igo	Kresha
Backer	Coulter	Franson	Heintzeman	Johnson	Lawrence
Bahner	Curran	Frazier	Hemmingsen-Jaeger	Jordan	Lee, F.
Bakeberg	Daniels	Frederick	Her	Joy	Lee, K.
Baker	Davids	Freiberg	Hicks	Keeler	Liebling
Becker-Finn	Davis	Garofalo	Hill	Kiel	Lillie
Bennett	Demuth	Gillman	Hollins	Klevorn	Lislegard
Berg	Dotseth	Gomez	Hornstein	Knudsen	Long
Bierman	Edelson	Greenman	Howard	Koegel	Mekeland

Moller	Newton	Pérez-Vega	Reyer	Tabke	Wolgamott
Mueller	Niska	Perryman	Robbins	Torkelson	Xiong
Murphy	Noor	Petersburg	Schomacker	Urdahl	Youakim
Myers	Norris	Pfarr	Schultz	Vang	Zelevnikar
Nadeau	Novotny	Pinto	Scott	Virnig	Spk. Hortman
Nash	O'Driscoll	Pryor	Sencer-Mura	West	
Nelson, M.	Olson, B.	Pursell	Skraba	Wiener	
Nelson, N.	Olson, L.	Quam	Smith	Wiens	
Neu Brindley	Pelowski	Rarick	Swedzinski	Witte	

Those who voted in the negative were:

Jacob

The bill was passed, as amended, and its title agreed to.

H. F. No. 3204 was reported to the House.

Moller moved to amend H. F. No. 3204, the first engrossment, as follows:

Page 1, delete section 1

Page 2, after line 1, insert:

"Sec. 2. **[518.0011] PUBLIC POLICY STATEMENT.**

The public policy of this state is to:

(1) ensure that each child has frequent and substantial contact with the child's parents, as long as the child's parents have shown the ability to act in the best interests of the child;

(2) ensure that parents and caregivers provide a safe and nurturing environment for each child; and

(3) encourage parents to share the rights and duties of raising their child."

Page 8, line 30, before the period, insert "as defined by section 645.44, subdivision 14"

Page 9, line 29, before the period, insert ", provided that the court finds that the party from whom fees, costs, and disbursements are sought has the means to pay them"

Page 11, line 7, before the period, insert "in writing as defined by section 645.44, subdivision 14"

Page 11, after line 23, insert:

"(1) An order issued under this section requiring reimbursement of costs or fees does not require a party to have direct contact with another party."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

H. F. No. 3204, A bill for an act relating to domestic relations; modifying parenting time provisions; amending Minnesota Statutes 2022, sections 257.025; 518.131, subdivisions 1, 11; 518.14; 518.17, subdivisions 1, 3; 518.175, subdivisions 1, 6.

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 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Acomb	Davis	Heintzeman	Kotyza-Witthuhn	Newton	Scott
Agbaje	Demuth	Hemmingsen-Jaeger	Kozlowski	Niska	Sencer-Mura
Altendorf	Dotseth	Her	Koznick	Noor	Skraba
Anderson, P. E.	Edelson	Hicks	Kraft	Norris	Smith
Anderson, P. H.	Elkins	Hill	Kresha	Novotny	Swedzinski
Backer	Engen	Hollins	Lawrence	O'Driscoll	Tabke
Bahner	Feist	Hornstein	Lee, F.	Olson, B.	Torkelson
Bakeberg	Fischer	Howard	Lee, K.	Olson, L.	Urdahl
Baker	Fogelman	Hudella	Liebling	Pelowski	Vang
Becker-Finn	Franson	Hudson	Lillie	Pérez-Vega	Virmig
Bennett	Frazier	Huot	Lislegard	Perryman	West
Berg	Frederick	Hussein	Long	Petersburg	Wiener
Bierman	Freiberg	Igo	Mekeland	Pfarr	Wiens
Brand	Garofalo	Jacob	Moller	Pinto	Witte
Burkel	Gillman	Johnson	Mueller	Pryor	Wolgamott
Carroll	Gomez	Jordan	Murphy	Pursell	Xiong
Cha	Greenman	Joy	Myers	Quam	Youakim
Clardy	Grossell	Keeler	Nadeau	Rarick	Zelevnikar
Coulter	Hansen, R.	Kiel	Nash	Reyer	Spk. Hortman
Curran	Hanson, J.	Klevorn	Nelson, M.	Robbins	
Daniels	Harder	Knudsen	Nelson, N.	Schomacker	
Davids	Hassan	Koegel	Neu Brindley	Schultz	

The bill was passed, as amended, and its title agreed to.

H. F. No. 2895 was reported to the House.

Scott moved to amend H. F. No. 2895, the first engrossment, as follows:

Page 6, after line 19, insert:

"Sec. 9. Minnesota Statutes 2022, section 518A.39, subdivision 1, is amended to read:

Subdivision 1. **Authority.** After an order under this chapter or chapter 518 for ~~maintenance or support money, temporary or permanent child support,~~ or for the appointment of trustees to receive property awarded as maintenance or support money, the court may from time to time, on motion of either of the parties, a copy of which is served on the public authority responsible for child support enforcement if payments are made through it, or on motion of the public authority responsible for support enforcement, modify the order respecting the amount of ~~maintenance or~~ support money or medical support, and the payment of it, and also respecting the appropriation and payment of the principal and income of property held in trust, and may make an order respecting these matters

which it might have made in the original proceeding, except as herein otherwise provided. A party or the public authority also may bring a motion for contempt of court if the obligor is in arrears in support or maintenance payments.

Sec. 10. Minnesota Statutes 2023 Supplement, section 518A.39, subdivision 2, is amended to read:

Subd. 2. **Modification.** (a) The terms of an order respecting ~~maintenance or~~ child support may be modified upon a showing of one or more of the following, any of which makes the terms unreasonable and unfair: (1) substantially increased or decreased gross income of an obligor or obligee; (2) substantially increased or decreased need of an obligor or obligee or the child or children that are the subject of these proceedings; (3) receipt of assistance under the AFDC program formerly codified under sections 256.72 to 256.87 or 256B.01 to 256B.39, or chapter 256J or 256K; (4) a change in the cost of living for either party as measured by the federal Bureau of Labor Statistics; (5) extraordinary medical expenses of the child not provided for under section 518A.41; (6) a change in the availability of appropriate health care coverage or a substantial increase or decrease in health care coverage costs; (7) the addition of work-related or education-related child care expenses of the obligee or a substantial increase or decrease in existing work-related or education-related child care expenses; or (8) upon the emancipation of the child, as provided in subdivision 5.

(b) It is presumed that there has been a substantial change in circumstances under paragraph (a) and the terms of a current support order shall be rebuttably presumed to be unreasonable and unfair if:

(1) the application of the child support guidelines in section 518A.35, to the current circumstances of the parties results in a calculated court order that is at least 20 percent and at least \$75 per month higher or lower than the current support order or, if the current support order is less than \$75, it results in a calculated court order that is at least 20 percent per month higher or lower;

(2) the medical support provisions of the order established under section 518A.41 are not enforceable by the public authority or the obligee;

(3) health coverage ordered under section 518A.41 is not available to the child for whom the order is established by the parent ordered to provide;

(4) the existing support obligation is in the form of a statement of percentage and not a specific dollar amount;

(5) the gross income of an obligor or obligee has decreased by at least 20 percent through no fault or choice of the party; or

(6) a deviation was granted based on the factor in section 518A.43, subdivision 1, clause (4), and the child no longer resides in a foreign country or the factor is otherwise no longer applicable.

(c) A child support order is not presumptively modifiable solely because an obligor or obligee becomes responsible for the support of an additional nonjoint child, which is born after an existing order. Section 518A.33 shall be considered if other grounds are alleged which allow a modification of support.

(d) If child support was established by applying a parenting expense adjustment or presumed equal parenting time calculation under previously existing child support guidelines and there is no parenting plan or order from which overnights or overnight equivalents can be determined, there is a rebuttable presumption that the established adjustment or calculation will continue after modification so long as the modification is not based on a change in parenting time. In determining an obligation under previously existing child support guidelines, it is presumed that the court shall:

(1) if a 12 percent parenting expense adjustment was applied, multiply the obligor's share of the combined basic support obligation calculated under section 518A.34, paragraph (b), clause (5), by 0.88; or

(2) if the parenting time was presumed equal but the parents' parental incomes for determining child support were not equal:

(i) multiply the combined basic support obligation under section 518A.34, paragraph (b), clause (5), by 0.75;

(ii) prorate the amount under item (i) between the parents based on each parent's proportionate share of the combined PICS; and

(iii) subtract the lower amount from the higher amount.

(e) ~~On a motion for modification of maintenance, including a motion for the extension of the duration of a maintenance award, the court shall apply, in addition to all other relevant factors, the factors for an award of maintenance under section 518.552 that exist at the time of the motion.~~ On a motion for modification of support, the court:

(1) shall apply section 518A.35, and shall not consider the financial circumstances of each party's spouse, if any; and

(2) shall not consider compensation received by a party for employment in excess of a 40-hour work week, provided that the party demonstrates, and the court finds, that:

(i) the excess employment began after entry of the existing support order;

(ii) the excess employment is voluntary and not a condition of employment;

(iii) the excess employment is in the nature of additional, part-time employment, or overtime employment compensable by the hour or fractions of an hour;

(iv) the party's compensation structure has not been changed for the purpose of affecting a support or maintenance obligation;

(v) in the case of an obligor, current child support payments are at least equal to the guidelines amount based on income not excluded under this clause; and

(vi) in the case of an obligor who is in arrears in child support payments to the obligee, any net income from excess employment must be used to pay the arrearages until the arrearages are paid in full.

(f) A modification of support ~~or maintenance~~, including interest that accrued pursuant to section 548.091, may be made retroactive only with respect to any period during which the petitioning party has pending a motion for modification but only from the date of service of notice of the motion on the responding party and on the public authority if public assistance is being furnished or the county attorney is the attorney of record, unless the court adopts an alternative effective date under paragraph (1). The court's adoption of an alternative effective date under paragraph (1) shall not be considered a retroactive modification of maintenance or support.

(g) Except for an award of the right of occupancy of the homestead, provided in section 518.63, all divisions of real and personal property provided by section 518.58 shall be final, and may be revoked or modified only where the court finds the existence of conditions that justify reopening a judgment under the laws of this state, including motions under section 518.145, subdivision 2. The court may impose a lien or charge on the divided property at any time while the property, or subsequently acquired property, is owned by the parties or either of them, for the payment of maintenance or support money, or may sequester the property as is provided by section 518A.71.

(h) The court need not hold an evidentiary hearing on a motion for modification of maintenance or support.

(i) Sections 518.14 and 518A.735 shall govern the award of attorney fees for motions brought under this subdivision.

(j) An enactment, amendment, or repeal of law constitutes a substantial change in the circumstances for purposes of modifying a child support order when it meets the standards for modification in this section.

(k) On the first modification following implementation of amended child support guidelines, the modification of basic support may be limited if the amount of the full variance would create hardship for either the obligor or the obligee. Hardship includes, but is not limited to, eligibility for assistance under chapter 256J.

(l) The court may select an alternative effective date for a maintenance or support order if the parties enter into a binding agreement for an alternative effective date.

Sec. 11. **REPEALER.**

Minnesota Statutes 2022, section 518A.39, subdivision 3, is repealed."

Amend the title accordingly

The motion prevailed and the amendment was adopted.

H. F. No. 2895, A bill for an act relating to judiciary; modifying spousal maintenance; amending Minnesota Statutes 2022, section 518.552, subdivisions 1, 2, 3, 6, by adding subdivisions.

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 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Acomb	Coulter	Gillman	Huot	Lee, F.	Noor
Agbaje	Curran	Gomez	Hussein	Lee, K.	Norris
Altendorf	Daniels	Greenman	Igo	Liebling	Novotny
Anderson, P. E.	Davids	Grossell	Jacob	Lillie	O'Driscoll
Anderson, P. H.	Davis	Hansen, R.	Johnson	Lislegard	Olson, B.
Backer	Demuth	Hanson, J.	Jordan	Long	Olson, L.
Bahner	Dotseth	Harder	Joy	Mekeland	Pelowski
Bakeberg	Edelson	Hassan	Keeler	Moller	Pérez-Vega
Baker	Elkins	Heintzeman	Kiel	Mueller	Perryman
Becker-Finn	Engen	Hemmingsen-Jaeger	Klevorn	Murphy	Petersburg
Bennett	Feist	Her	Knudsen	Myers	Pfarr
Berg	Fischer	Hicks	Koegel	Nadeau	Pinto
Bierman	Fogelman	Hill	Kotyza-Witthuhn	Nash	Pryor
Brand	Franson	Hollins	Kozlowski	Nelson, M.	Pursell
Burkel	Frazier	Hornstein	Koznick	Nelson, N.	Quam
Carroll	Frederick	Howard	Kraft	Neu Brindley	Rarick
Cha	Freiberg	Hudella	Kresha	Newton	Reyer
Clardy	Garofalo	Hudson	Lawrence	Niska	Robbins

Schomacker	Skraba	Torkelson	West	Wolgamott	Spk. Hortman
Schultz	Smith	Urdahl	Wiener	Xiong	
Scott	Swedzinski	Vang	Wiens	Youakim	
Sencer-Mura	Tabke	Virnig	Witte	Zeleznikar	

The bill was passed, as amended, and its title agreed to.

H. F. No. 3304 was reported to the House.

Wiens moved to amend H. F. No. 3304, the first engrossment, as follows:

Page 1, line 20, delete "(f)" and insert "(d)"

Page 2, line 3, delete "244.196" and insert "244.195"

Page 2, line 4, delete "6" and insert "15"

Page 2, line 6, delete "and" and insert a comma

Page 2, line 7, after "(b)" insert ", and a record of any discharge and dismissal prepared pursuant to subdivision 3"

Page 2, line 13, delete "(d)" and insert "(b)"

Page 2, line 15, delete "(f)" and insert "(d)"

The motion prevailed and the amendment was adopted.

H. F. No. 3304, A bill for an act relating to public safety; requiring a report regarding the sentencing of certain military veterans; amending Minnesota Statutes 2022, section 609.1056, by adding a subdivision.

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 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Acomb	Bennett	Daniels	Fogelman	Hansen, R.	Hornstein
Agbaje	Berg	Davids	Franson	Hanson, J.	Howard
Altendorf	Bierman	Davis	Frazier	Harder	Hudella
Anderson, P. E.	Brand	Demuth	Frederick	Hassan	Hudson
Anderson, P. H.	Burkel	Dotseth	Freiberg	Heintzeman	Huot
Backer	Carroll	Edelson	Garofalo	Hemmingsen-Jaeger	Hussein
Bahner	Cha	Elkins	Gillman	Her	Igo
Bakeberg	Clardy	Engen	Gomez	Hicks	Jacob
Baker	Coulter	Feist	Greenman	Hill	Johnson
Becker-Finn	Curran	Fischer	Grossell	Hollins	Jordan

Joy	Lee, F.	Nash	Pelowski	Schomacker	West
Keeler	Lee, K.	Nelson, M.	Pérez-Vega	Schultz	Wiener
Kiel	Liebling	Nelson, N.	Perryman	Scott	Wiens
Klevorn	Lillie	Neu Brindley	Petersburg	Sencer-Mura	Witte
Knudsen	Lislegard	Newton	Pfarr	Skraba	Wolgamott
Koegel	Long	Niska	Pinto	Smith	Xiong
Kotyza-Witthuhn	Mekeland	Noor	Pryor	Swedzinski	Youakim
Kozlowski	Moller	Norris	Pursell	Tabke	Zeleznikar
Koznick	Mueller	Novotny	Quam	Torkelson	Spk. Hortman
Kraft	Murphy	O'Driscoll	Rarick	Urdahl	
Kresha	Myers	Olson, B.	Reyer	Vang	
Lawrence	Nadeau	Olson, L.	Robbins	Virnig	

The bill was passed, as amended, and its title agreed to.

There being no objection, the order of business reverted to Reports of Standing Committees and Divisions.

REPORTS OF STANDING COMMITTEES AND DIVISIONS

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

H. F. No. 4975, A bill for an act relating to state government; repealing the renewable development account report; amending Minnesota Statutes 2023 Supplement, section 116C.779, subdivision 1.

Reported the same back with the recommendation that the bill be re-referred to the Committee on Ways and Means.

Joint Rule 2.03 has been waived for any subsequent committee action on this bill.

The report was adopted.

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

H. F. No. 5040, A bill for an act relating to retirement; accelerating the effective date from July 1, 2025, to July 1, 2024, for the change in the normal retirement age for the teachers retirement association from 66 to 65; reducing the employee contribution rates for two years by 0.25 percent for St. Paul Teachers Retirement Fund Association; extending the suspension of earnings limitation for retired teachers who return to teaching; authorizing eligible employees of Minnesota State Colleges and Universities who are members of the higher education individual retirement account plan to elect coverage by the Teachers Retirement Association and purchase past service credit; implementing the recommendations of the State Auditor's volunteer firefighter working group; adding a defined contribution plan and making other changes to the statewide volunteer firefighter plan; modifying requirements for electing to participate in the public employees defined contribution plan; increasing the multiplier in the benefit formula for prospective service and increasing employee and employer contribution rates for the local government correctional service retirement plan; eliminating the workers' compensation offset for the Public Employees Retirement Association general and correctional plans; clarifying eligibility for firefighters in the public employees police and fire plan; making changes of an administrative nature for plans administered by the Minnesota

State Retirement System; authorizing employees on a H-1B, H-1B1, or E3 visa to purchase service credit for a prior period of employment when excluded from the general state employees retirement plan; codifying the right to return to employment and continue receiving an annuity from the State Patrol plan; adding additional positions to the list of positions eligible for the correctional state employees retirement plan coverage and permitting the purchase of past service credit; establishing a work group on correctional state employees plan eligibility; modifying the Minnesota Secure Choice retirement program by permitting participation by home and community-based services employees; modifying requirements for Minnesota Secure Choice retirement program board of directors; allowing employer matching contributions on an employee's qualified student loan payments under Secure 2.0 and modifying investment rates of return and fee disclosure requirements and other provisions for supplemental deferred compensation plans; resolving a conflict in the statute setting the plans' established date for full funding and establishing an amortization work group; restructuring statutes applicable to tax-qualified pension and retirement plans that impose requirements under the Internal Revenue Code; modifying the authority of pension fund executive directors to correct operational and other errors and requiring an annual report; changing the expiration date for state aids by requiring three years at 100 percent funded rather than one year before the state aid expires; making other administrative and conforming changes; appropriating money to the IRAP to TRA transfer account, the Teachers Retirement Association, and St. Paul Teachers Retirement Association; amending Minnesota Statutes 2022, sections 352.01, subdivision 13; 352.03, subdivision 5; 352.113, subdivision 1; 352.1155, subdivision 3; 352.12, subdivisions 1, 2, 2b, 7, 8; 352.95, subdivision 4; 353.028, subdivisions 1, 2, 3, 5; 353.03, subdivision 3a; 353.27, subdivision 4; 353.33, subdivisions 7, 7a; 353.64, subdivisions 1, 2, 4, 5a; 353.65, subdivision 3b; 353.87, subdivision 1; 353D.02, as amended; 353E.03; 353E.04, subdivision 3; 353E.06, subdivision 6; 353G.01, subdivisions 9, 9a, 11, by adding subdivisions; 353G.05, as amended; 353G.08, subdivision 2; 354.435, subdivision 4; 354.436, subdivision 3; 354A.011, subdivision 7; 354A.021, subdivisions 2, 3, 6, 7, 8, 9; 354A.05; 354A.091; 354A.094; 354A.12, subdivisions 3a, 3c, 5; 354A.31, subdivision 3a; 354A.32, subdivision 1a; 354B.20, subdivision 18, by adding subdivisions; 356.215, subdivisions 2, 3; 356.24, subdivision 3; 356.611, subdivision 2, by adding a subdivision; 356.62; 356.635, subdivisions 1, 2, by adding subdivisions; 356A.06, subdivision 5; 423A.02, subdivision 5; 423A.022, subdivision 5; 424A.001, subdivisions 4, 5, 8, 9, 10, by adding subdivisions; 424A.003; 424A.01, subdivisions 1, 2, 5; 424A.015, subdivisions 1, 5, 7; 424A.016, subdivisions 2, 6; 424A.02, subdivisions 1, 3, 7, 9; 424A.021; 424A.092, subdivision 6; 424A.093, subdivision 6; 424A.094, subdivision 1; 424A.095, subdivision 2; 424A.10; 424B.22, subdivisions 2, 10; Minnesota Statutes 2023 Supplement, sections 187.03, by adding a subdivision; 187.05, subdivision 7; 187.08, subdivisions 1, 7, 8; 352.91, subdivision 3f, as amended; 353.335, subdivision 1; 353D.01, subdivision 2; 353G.01, subdivisions 7b, 8b, 12, 12a, 14a, 15; 353G.02, subdivisions 1, 3, 4; 353G.03, subdivision 3; 353G.07; 353G.08, subdivision 1; 353G.09, subdivisions 1, 1a, 2; 353G.10; 353G.11, subdivision 2, by adding a subdivision; 353G.115; 353G.12, subdivision 2, by adding a subdivision; 353G.14; 354.05, subdivision 38; 354.06, subdivision 2; 354A.12, subdivision 1; 356.215, subdivision 11; 356.24, subdivision 1; 477B.02, subdivision 3; Laws 2021, chapter 22, article 2, section 3; Laws 2022, chapter 65, article 3, section 1, subdivisions 2, 3; Laws 2023, chapter 46, section 11; proposing coding for new law in Minnesota Statutes, chapters 352B; 353G; 354B; 356; repealing Minnesota Statutes 2022, sections 353.33, subdivision 5; 353.86; 353.87, subdivisions 2, 3, 4; 353D.071; 353G.01, subdivision 10; 356.635, subdivisions 3, 4, 5, 6, 7, 8, 9a, 10, 11, 12, 13; 424A.01, subdivision 5a; Minnesota Statutes 2023 Supplement, sections 353.335, subdivision 2; 353G.01, subdivisions 7a, 8a; 353G.02, subdivision 6; 353G.08, subdivision 3; 353G.11, subdivisions 1, 1a, 3, 4; 353G.112; 353G.121.

Reported the same back with the recommendation that the bill be re-referred to the Committee on Ways and Means.

Joint Rule 2.03 has been waived for any subsequent committee action on this bill.

The report was adopted.

MOTIONS AND RESOLUTIONS

Bliss moved that the name of Lawrence be added as an author on H. F. No. 292. The motion prevailed.

Demuth moved that the name of Lawrence be added as an author on H. F. No. 356. The motion prevailed.

Agbaje moved that the name of Rehm be added as an author on H. F. No. 588. The motion prevailed.

Agbaje moved that the name of Rehm be added as an author on H. F. No. 851. The motion prevailed.

Fischer moved that the name of Hemmingsen-Jaeger be added as an author on H. F. No. 945. The motion prevailed.

Moller moved that the name of Franson be added as an author on H. F. No. 3204. The motion prevailed.

Lee, K., moved that the name of Hussein be added as an author on H. F. No. 3354. The motion prevailed.

Pursell moved that the name of Freiberg be added as an author on H. F. No. 3385. The motion prevailed.

Moller moved that the name of Hemmingsen-Jaeger be added as an author on H. F. No. 3510. The motion prevailed.

Hollins moved that the name of Kotyza-Witthuhn be added as an author on H. F. No. 3564. The motion prevailed.

Smith moved that the name of Huot be added as an author on H. F. No. 3700. The motion prevailed.

Kozlowski moved that the name of Kraft be added as an author on H. F. No. 3783. The motion prevailed.

Norris moved that the names of Fischer and Bierman be added as authors on H. F. No. 3799. The motion prevailed.

Norris moved that the name of Youakim be added as an author on H. F. No. 3800. The motion prevailed.

Carroll moved that the name of Kraft be added as an author on H. F. No. 3946. The motion prevailed.

Kozlowski moved that the names of Curran and Hemmingsen-Jaeger be added as authors on H. F. No. 4010. The motion prevailed.

Stephenson moved that the name of Kraft be added as an author on H. F. No. 4053. The motion prevailed.

Hemmingsen-Jaeger moved that the name of Kraft be added as an author on H. F. No. 4150. The motion prevailed.

Lee, K., moved that the name of Kraft be added as an author on H. F. No. 4220. The motion prevailed.

Finke moved that the name of Hemmingsen-Jaeger be added as an author on H. F. No. 4394. The motion prevailed.

Greenman moved that the name of Curran be added as an author on H. F. No. 4444. The motion prevailed.

Wolgamott moved that the name of Brand be added as an author on H. F. No. 4493. The motion prevailed.

Jordan moved that the name of Curran be added as an author on H. F. No. 4508. The motion prevailed.

Hollins moved that the name of Hemmingsen-Jaeger be added as an author on H. F. No. 4558. The motion prevailed.

Pérez-Vega moved that the name of Curran be added as an author on H. F. No. 4583. The motion prevailed.

Smith moved that the names of Hicks, Edelson, Rehm and Reyer be added as authors on H. F. No. 4630. The motion prevailed.

Wolgamott moved that the name of Hemmingsen-Jaeger be added as an author on H. F. No. 4666. The motion prevailed.

Jordan moved that the name of Fischer be added as an author on H. F. No. 4780. The motion prevailed.

Kozlowski moved that the name of Skraba be added as an author on H. F. No. 5083. The motion prevailed.

Quam moved that the name of Kresha be added as an author on H. F. No. 5120. The motion prevailed.

Hornstein moved that the names of Tabke and Koegel be added as authors on H. F. No. 5242. The motion prevailed.

Lislegard moved that the name of Skraba be added as an author on H. F. No. 5246. The motion prevailed.

Zeleznikar moved that the name of Skraba be added as an author on H. F. No. 5254. The motion prevailed.

Stephenson moved that the name of Kotyza-Witthuhn be added as an author on H. F. No. 5295. The motion prevailed.

Lee, F., moved that the name of Hemmingsen-Jaeger be added as an author on H. F. No. 5309. The motion prevailed.

Hemmingsen-Jaeger moved that the name of Kraft be added as an author on H. F. No. 5348. The motion prevailed.

Lislegard moved that the name of Skraba be added as an author on H. F. No. 5350. The motion prevailed.

Joy moved that the name of Robbins be added as an author on H. F. No. 5393. The motion prevailed.

ADJOURNMENT

Long moved that when the House adjourns today it adjourn until 10:00 a.m., Thursday, April 25, 2024. The motion prevailed.

Long moved that the House adjourn. The motion prevailed, and Speaker pro tempore Her declared the House stands adjourned until 10:00 a.m., Thursday, April 25, 2024.